FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Lessons Wall Street can teach London, Page 20

NEWS SUMMARY

GENERAL

French coalition stays intact

France's Communist Party reaffirmed its intention of staying within the Socialist-led coalition with a front-page declaration in its daily newspaper, L'Humanité.

This followed the statement on Sunday by Premier Pierre Mauroy that the Government would seek a clarification of the Communists' position.

Socialist leaders have been angered by what they regard as two-faced behaviour by the Communists in remaining in the coalition while strongly criticising Government policy. Page 2

Craxi renews law

Italy's Craxi coalition renewed its expired decree cutting index-linked wage rises. Page 22

Nato frigate worries

European governments are worried about arms projects following the effective withdrawal of the U.S. from a Nato frigate venture. Page 3

Nicaragua protest

Nicaragua has protested to Costa Rica about the use of its bases by right-wing guerrillas who captured a Nicaraguan town. Page 6

Turkey sends envoy

Turkey's envoy has taken up his post in Turkish Cyprus, a move seen as a rebuff to U.N. efforts to solve the island's problems. Page 2

Cyclone kills 68

Cyclone Kamisy killed 68 people and caused $1bn damage when it hit Madagascar last week.

Portuguese security

Portugal's parliament approved the setting up of a national intelligence service, the first since the dictatorship was overthrown a decade ago. Mrs Thatcher in Portugal, Page 2

Nigeria press curbs

Nigeria's military Government published a press law giving power to shut newspapers and radio stations and to jail journalists for inaccurate reporting.

Istanbul jail strike

Hundreds have been on hunger strike for more than a week in two Istanbul jails. Their demands include the right to political prisoner status.

Afghan round-up

About 50 Afghan Government spies were rounded up by resistance forces last week and possibly executed, said a Western diplomat in Islamabad.

Sakharov surgery

Dr Andrei Sakharov, 62, the Nobel Prize-winning physicist who was banished from Moscow for his human rights activism, is recuperating from surgery for thrombophlebitis in his leg, dissident sources said yesterday.

Pyramids off limits

Egyptian police barred visits to the Pyramids after a mysterious gas was reported leaking from a pharaoh's tomb.

Briefly . . .

General Mark Clark, 87, allied commander in Italy in World War II and U.N. commander in Korea, died of cancer and heart failure in Charleston, S. Carolina.

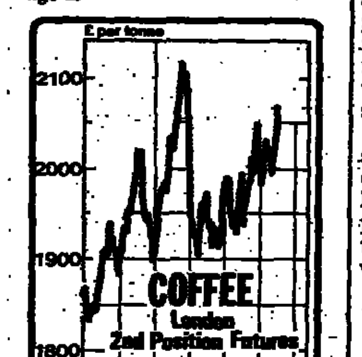
BUSINESS

Citicorp down 2% in first quarter

CITICORP, largest U.S. banking group, reported first-quarter net earnings 2 per cent down at $223m. Page 22

DOLLAR was firmer, rising to DM 2.6425 (DM 2.6375), FFr 8.134 (FFr 8.1175), and SwFr 2.192 (SwFr 2.1865), but easing to Y225 (Y225.4). Its Bank of England trade-weighted index was logged, before the close, at 127.5 (from 127.6). Page 43

STERLING eased by 5 points to $1.4205 and to Y320 (Y320.5), but edged up to DM 3.755 (DM 3.75), FFr 11.5525 (FFr 11.535) and SwFr 3.115 (SwFr 3.11). Its trade weighting closed unchanged at 79.8. Page 43



COFFEE futures continued their recovery in London, with the July quotation £30.5 up at £2,069.5 ($2,939.7) a tonne. Page 42

GOLD fell $0.25 in London to $380.25 and rose by $0.5 in Frankfurt and Zurich to $380.25. Page 42

LONDON: FT Industrial Ordinary index rose 4.6 to 879.8. Government security prices were mostly static. Report, Page 37; FT Share Information Service, Pages 38-39

TOKYO: Nikkei Dow index dropped 113.27 to 10,906.4, and the Stock Exchange index by 9.11 to 854.97. Report, Page 33. Leading prices, other exchanges, Page 36

WALL STREET: Dow Jones Industrial average was up 8.69 at 3pm on 1,166.97. Report, Page 33. Full share prices, Pages 34-36

SEOUL: West German Economics Minister Count Otto Lambsdorff said that South Korea and other newly industrialised nations that have intelligently exploited the free trade system should open their markets to a freer flow of goods.

POLAND has asked the Soviet Union for a debt rescheduling, so that payments will fall after 1990, Page 2

REPUBLIC STEEL of the U.S. suffered a first-quarter net loss of $36.7m, which was 5.5 per cent more than last year.

WESTDEUTSCHE LANDESBANK, which has foregone a dividend for the fourth year, is pursuing a policy of tighter risk management, having allocated more than DM 1bn ($380m) last year to cover write-offs and risk provisions. Page 24

HOECHST, the West German chemical group, improved worldwide profits by 82.2 per cent to DM 1.95bn ($739m), and plans to raise about DM 500m in a rights issue. Page 24

The editorial content of today's international edition has been restricted because of industrial action by IG Druck und Papier, the West German print union, at Frankfurter Societäts-Druckerei, where the edition is printed. That prevents the publication of late-breaking news, the final Wall Street report and closing U.S. share prices, and has made necessary the inclusion of several pages that were prepared for the domestic UK edition.

Strike looms as German talks on hours collapse

BY JAMES BUCHAN IN DÜSSELDORF

West Germany faces a strong prospect of a major strike after talks between employers and trade union representatives in West Germany's crucial steel, engineering and motor industries collapsed yesterday.

A last-ditch attempt to reach a compromise over working time broke down yesterday after five hours of meetings in Düsseldorf.

Strike ballots will probably be held in the first week in May, said Herr Hans Mayr, chairman of IG Metall, West Germany's largest trade union.

Herr Wolfram Thiele, president of the employers' association, said that he could not exclude retaliatory lockouts if IG Metall's 2.6m members voted to strike.

Should the ballots produce the necessary majorities of 75 per cent – and this is far from a foregone conclusion – West Germany could plunge into its worst industrial unrest since the strike by IG Metall members in the steel industry in the winter of 1978-79, again over a shorter working week.

IG Druck und Papier, the 145,000-strong print union, while offering employers further talks, is already holding strike ballots to back up a parallel demand for a reduction of the working week from 40 hours without loss of income.

Local commissions in IG Metall's 16 regions have begun to prepare ballot motions for the executive, although Herr Mayr would not predict what form of strike action will go to the vote.

"Seventy-five per cent is steep," he said, visibly distressed by the collapse of the talks. "But I am not worried about our members not supporting the executive."

"I would be worried if I were IG Metall," Herr Dieter Kirchner, manager of the employers' federation, retorted.

IG Metall has repeatedly argued that only a reduction of the working week could make a serious dent in unemployment, now running at 2.4m.

At the point the talks broke down yesterday afternoon, the union was demanding a "stage-by-stage" plan to reduce the working week from 40 "in the direction of 35 hours," Herr Mayr said.

The employers yesterday offered a 3.3 per cent pay rise, an early retirement plan for workers of 58 and older, and "flexible working time" in individual plants.

Under intense pressure above all from small and medium-size companies, the employers would not budge from their insistence that 40 hours remain the norm in labour agreements, as it has since 1967.

Herr Mayr yesterday firmly ruled out the possibility of mediation by politicians as occurred in 1979.

Members of the Bonn Government, including Chancellor Helmut Kohl, have warned that a move to reduce the working week industry-wide would so add to costs as to seriously endanger the economic recovery, which the five leading research institutes believe will bring growth of 3 per cent this year after three years of stagnation.

Two smaller unions, representing construction workers and some employees in banks, have already abandoned the 35-hour week in favour of a deal with employers on early retirement.

Editorial comment, Page 20; UK miners' strike, Page 22

Constitutional reforms proposed for Brazil

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL'S President João Figueiredo has proposed wide-ranging constitutional reforms, dismantling many of the authoritarian features of the past 20 years of military-led government.

The highlight of his long-awaited announcement made in a radio and television address on Monday night, was a promise to restore direct elections for the presidency – but not until 1988.

The outgoing President, due to hand over power next March, again firmly rejected any question of acceding to the national clamour for elections now to choose his successor.

President Figueiredo's announcement coincided with the largest rally seen in the three-month opposition campaign for presidential elections to be held this year.

More than one million people participated in a peaceful rally in São Paulo, exceeding the numbers who turned out for a similar event in Rio de Janeiro a week ago.

Among the President's proposals, to be sent to Congress for debate, were:

- The holding of a two-stage election for the presidency in November 1988 – if no candidate achieved an absolute majority on the first round, those obtaining more than 40 per cent of votes would go forward to a second round of voting by the Federal Congress;
- The reduction of the presidential mandate from six years to four, with an option for the incumbent to stand again for one more term. This change would also apply to President Figueiredo's immediate successor;
- The restoration to the two houses of Congress powers gradually removed in the years after the 1964 military coup;
- Popular elections to choose the mayors of state capitals in November 1986. At present these posts are filled by the Federal Government's appointees, maintaining Brasilia's direct control in case of disturbances;
- Stronger constitutional commitment to the defence of individual and family human rights.

President Figueiredo adopted a conciliatory tone in his speech noting the "democratic will for change" being shown by the populace. But he stressed that change could only come through mutual understanding and negotiation between "the national political forces."

"We must not act hastily, carried

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Ford UK blames British budget for 1983 net loss of £103m

BY JOHN GRIFFITHS IN LONDON

FORD of Britain's slightly lower pre-tax profit of £178m ($253.6m) for 1983 was transformed into a net loss of £103m by the "serious" effect of the UK Government's budget measures to phase out capital allowances, the motor group's chairman, Mr Sam Toy, said yesterday. In 1982, the pre-tax profit was £194m (£192m net).

Ford is the first major UK industrial company to publish results taking account of the budget changes, and they show a provision of £200m to meet the net effects of capital allowance and corporation tax changes. Only last week, however, National Westminster Bank, one of Britain's leading clearing banks, calculated that the Chancellor of the Exchequer's moves would cost it up to £577m in extra taxes.

Ford said that before last month's budget it had been expecting to report a net profit of £97m. The company also allocated an extra £45m to cover the closure costs of its Thames foundry and Irish car assembly operations, and faced a substantially higher tax bill of £36m, against £2m in 1982.

Mr Toy said the poorer result reflects the fact that "vehicle markets, both domestic and export, are becoming more competitive, and this has led to pressure on profit margins and, in export markets, to a reduction in sales volume".

One result has been a steep slide further into the red of Ford's balance of trade confounding the hope expressed by Mr Toy that last year's £265m deficit would be reduced. Instead, the gap more than doubled to £676m, with imports rising to £1.51m against a relatively small fall in the value of exports from £894m to £834m.

Ford's imports bill rose despite the fact that the company has increased the domestic UK content of its car sales to 60 per cent, from less than half, over the past 12 months. Offsetting that was last year's record car market of 1.79m units, which drew in a higher total number of car imports. The effect was compounded, Ford said, by an increase in continental European car prices and an 11 per cent weakening of sterling against European currencies.

At the same time, exports of car kits for assembly abroad fell to 9,650 from nearly 38,000, "due to our inability to achieve cost levels comparable to our overseas competitors."

Nearly 45 per cent of pre-tax profit was accounted for by interest on loans, mainly to its U.S. parent. However, the parent company recently reported a 1983 profit of $1.8bn, and during last year it cut its total debt to its British offshoot to £645m from £961m.

Capital spending last year fell to £310m from £391m, with £291m still in the pipeline at the end of the year.

Libyan embassy gunfire kills one in London

By John Hunt and Roger Matthews in London

RELATIONS BETWEEN Britain and Libya came to a crisis yesterday after gunfire from the Libyan People's Bureau in St James's Square, London, killed a young policewoman and wounded 10 other people.

Armed police cordoned off the area around the People's Bureau, which acts as the Libyan embassy, and last night were prepared for a long siege.

A single short burst of automatic weapon fire had been directed at a group of about 70 demonstrators protesting at the regime of Col Muammer Gadaffi. The policewoman who died was among several police controlling the demonstation.

Mr Leon Brittan, the British Home Secretary, said later that the shooting was "the single most disgraceful and barbaric outrage that London has seen for a very long time." Britain had protested to Libya in the strongest possible terms.

The British Government faced immediate demands for the closure of the People's Bureau and there were calls for an emergency debate when the House of Commons returns next week from its Easter recess.

In deciding their next move, British ministers will be mindful of the estimated 8,000 Britons working in Libya. Newspapers in Tripoli, the Libyan capital, warned last week that these Britons would face an "unbearable hell" if Libyans accused of planting bombs in London and Manchester last month were not released.

"The humiliation of one single Libyan in Britain will be met with that of 10 Britons in Libya. The Libyan Arab citizen is tenfold more honourable and generous than racist Britons," said one editorial.

A British Caledonian flight to Tripoli was more than halfway to its destination yesterday when it was ordered to return to London on the advice of the Foreign Office.

Mr Brittan said last night that he wanted the occupants of the People's Bureau to come out so that there could be inquiries by the police. He said he envisaged a peaceful outcome to the situation and vigorously denied allegations on Libyan radio that police had attempted to storm the building.

Communications have been established with the occupants of the People's Bureau and Mr Brittan said they had indicated a willingness to co-operate.

Deadly effect of Gadaffi's theory, Page 6

Olivetti profit almost trebles to L295.3bn

BY ALAN FRIEDMAN IN MILAN

OLIVETTI, Europe's leading data processing equipment group, yesterday established itself firmly as one of Italy's most profitable companies by announcing a net profit of L295.3bn ($181m) for 1983, almost treble the 1982 figure.

The dramatic increase, achieved on group revenues which were 11.6 per cent higher at L3,736.2 on ($2.3bn) is a result of increased domestic sales and cost-saving, particularly in the area of debt servicing. The Olivetti group's total indebtedness was down last year by 15.9 per cent to L726bn. This in turn reduced the group's debt-equity ratio from 0.9 at the end of 1982 to 0.6 last December.

Olivetti's 1983 results are exceptional in Italian terms because the after-tax earnings represent 7.9 per cent of consolidated revenues, which is among the highest level of profitability achieved by a major Italian company. IBM Italia has traditionally been the most profitable company in Italy with after-tax earnings of around 10 per cent, but the vast majority of Italian companies do little better than 2 or 3 per cent.

GROUP RESULTS (Lbn)

Year	Net Profit	Revenues
1979	33.3	1,852.7
1980	87.6	2,180.2
1981	95.6	2,887.9
1982	102.8	3,341.4
1983	295.3	3,736.2

Sig Carlo De Benedetti, Olivetti's chairman, last year said the 1982 net profit of L102.8bn (3.1 per cent of revenues) was "fantastic for Italy, excellent for Europe, but by no means good internationally."

Although some 63 per cent of Olivetti revenues come from outside Italy, the company yesterday said the strength of the dollar against the lira had not been a significant factor in boosting income. The group net profit followed L226.4bn of depreciation provisions (L194.1bn in 1982) and tax charges which more than doubled in 1983 to L96.3bn.

Olivetti said last night that, in view of its "highly profitable situation," a decision had been taken to

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Honeywell, NCR results, Page 27

Dome debt accord with some lenders

BY BERNARD SIMON IN TORONTO

DOME PETROLEUM, the troubled Canadian oil and gas producer, has reached conditional debt rescheduling agreements with two of its eight groups of creditors, including the largest group, a syndicate headed by Citibank. The company said that it hopes to make an announcement on negotiations with the other six groups "in the near future."

Under a letter of understanding signed with the Citibank group, Dome is required to repay principal amounts which were deferred when it presented its debt rescheduling proposals last December. These payments include the principal due earlier this month. Dome's debt to the Citibank group totalled $1.2bn at the end of last year out of its total outstanding debt of about $4.7bn.

Negotiations with the Citibank syndicate were especially protracted after members objected to Dome's proposal that repayment of principal to its Canadian lenders should take place more quickly than to the Citibank group. Dome's debt to the Citibank syndicate is secured by a first lien on most of the assets of Hudson's Bay oil and Gas, a wholly owned Dome subsidiary.

The other group of lenders which has signed a letter of understanding with Dome is headed by Prudential Assurance Company of America. This group's exposure is around $170m and its loans are also secured by Dome assets.

Dome said that its letter of understanding with the Citibank group provided for several "modifications" to present borrowing arrangements. Details of the changes will not be disclosed until full rescheduling package has been tied up.

Under Dome's proposals, the repayment of principal to the Citibank syndicate was to be extended from 1989 to 1994, with the bulk of the debt to be repaid in the early 1990s instead of between 1986 and 1989. This year's payments would be reduced from $174m to $20m.

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EUROPEAN NEWS

PARTY RESERVES RIGHT TO CRITICISE GOVERNMENT POLICY

French Communists back coalition

BY DAVID HOUSEGO IN PARIS

THE FRENCH Communist party yesterday reaffirmed its wish to remain within the coalition Government.

The declaration came in the form of a front page headline in the party daily L'Humanité proclaiming: "In the government and with the workers—the Communists want to play a part in realising the great hopes of 1981."

The Communist response follows the statement on Sunday by M Pierre Mauroy, the Prime Minister, saying that the Government would be seeking a clarification on the Communists' position. Socialist leaders have been increasingly angered by what they regard as the two-faced attitude of the Communists in enjoying the advantages of power while at the same time strongly criticising government policy.

President Francois Mitterrand yesterday met M Mauroy and M Lionel Jospin, the Socialist party leader, to define their strategy towards the Communists. But there was no indication of what they had decided.

The Communist politburo also met yesterday to review the situation. M George Marchais, the secretary general, is to give a news conference today which had originally been called to launch the party's campaign for the European elections.

An editorial in L'Humanité, while emphasising the Communists' desire to remain in the government, also made clear that they wanted to reserve their right to criticise government policy. The editorial explicitly criticised the government's latest steel measures, as did M Marcel Rigout, a junior Communist minister.

Mr Rigout's remarks have been taken in bad part by the Socialists because as a minister he would normally have been expecter to abide by cabinet responsibility and hence the government's decision on the future of the steel industry.

Schooling dispute threatens to erupt again

BY OUR PARIS CORRESPONDENT

THE CONTROVERSY over private schooling in France is likely to flare up again when the cabinet adopts at its weekly meeting today the final text of the draft law on the future status of the schools.

The timing is unfortunate in that the Government has no wish for further trouble with the Roman Catholic education lobby at a time when it has a serious dispute with the Communists on its hands. But further stalling on the law would also bring it under fire from its own Socialist rank and file who believe that the Government has already made too many concessions to the Catholics over establishing a secular education system in France.

It became clear yesterday that the Catholics were determined to maintain their opposition on the remaining major point in dispute when the normally moderate Cardinal Lustiger, Archbishop of Paris, issued an unusually forthright declaration.

The poin in dispute is that the draft law provides for teachers in private schools eventually to be given the same satus as public employees as that enjoyed by state teachers.

The Catholics believe that if private school teachers are assimilated into the state system, then private schools will lose their specific character. They are insisting on the right of private school headmasters to continue to nominate their own staff which the draft law in part removes from them.

Cardinal Lustiger said yesterday: "I reject a procedure . . . which puts in danger the identity of Catholic schools." His words are likely to be seized on by the more vociferous Catholic school lobby who are beginning to organise another massive demonstration in Paris shsould adequate amendments not be forthcoming. They will also be seized on by the opposition political parties eager to cross swords with the Government over the issue.

The pro-Giscard d'Estaing UDF party last night said it would put down a censure motion on the Government when the Bill was brought before the assembly.

In anticipation of further pressure from the Catholics, the secular school movement has also prepared a large demonstration on April 25 to urge the Government to stand firm. Socialist and Communist leaders, including M Georges Marchais, the Communist Party secretary-general, have said that they will take part.

In a concession to the secular movement, M Pierre Mauroy, the Prime Minister, announced on Sunday that the obligation imposed on local authorities under the draft Bill to finance private schools could be stretched out. Ministers had warned the Prime Minister that the Government would make itself highly unpopular with the local communes if it tried to shift on to them the full burden of financing private schools.

Unlike Britain, private schools in France are subsidised by the state but have more freedom than state schools in choosing teaching staff and the organisation of the school day.

But the concession is likely to be unpopular with the Catholics who have no wish for a year-by-year tussle with the local authorities.

Thatcher call on Portugal's EEC bid

By Diana Smith in Lisbon

BRITAIN LOOKS forward to welcoming Portugal into the European Community at the beginning of 1986, Mrs Margaret Thatcher, the UK Prime Minister, said yesterday in Lisbon. And in a speech she was due to deliver last night at a banquet in her honour, she insisted that Portugal's negotiations for entry to the EEC must be concluded this year.

Mrs Thatcher is the first official visit by a British Prime Minister to the nation that signed its first treaty with Britain in 1373.

She stressel yesterday that she came at a very important time in negotiations between Portugal and the EEC. She is the third Community leader to come to Lisbon this year.

However, she made it clear that Community reforms will condition Portugal's chances of success. Referring to the "creeping paralysis" that has threatened the EEC for more than a decade, Mrs Thatcher reiterated Britain's resolve to achieve reforms that will ensure proper control over expenditure and a common agricultural policy that avoids "extravagant waste."

According to British officials, in talks with Sr Mario Soares, the Portuguese Premier, Mrs Thatcher would emphasise the point that should Portugal join under the present unsatisfactory system of financing the EEC, it would be a net contributor not a net beneficiary.

Sr Soares, in an address to a banquet in her honour last night, appealed to Mrs Thatcher and to European leaders to have the courage "to cut the Gordian knot," rise above old habits and prejudices, and help the EEC find essential means that would re-launch Europe.

Apart from inevitable discussions on the Community, Mrs Thatcher will use the opportunity of this visit to promote more British exports to Portugal.

Britain takes more than 50 per cent of the textiles Portugal sells to EEC countries. Last year, Portugal had a £80m trade surplus with Britain.

Portuguese officials, displaying not a little awe of the British Premier, whom Sr Soares has repeatedw described as a particularly courageous woman, appear to be keeping their fingers crossed that the combination of the ancient alliance and their hard sell of Portugal's desperate need to get into the Community may move Mrs Thatcher to help the Community find the consensus that will allow Portugal to join.

Poles seek delay on Soviet debt

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND has asked for a rescheduling of its debts to the Soviet Union, both hard and soft currency, so that payments will fall after 1990.

Officials had always asserted that the 1985 to 1990 five-year plan would see the start of repayments of Poland's transferable rouble debt run up since 1980.

Last year, Poland also rescheduled payments due till the end of 1985 on the $1bn (£705m) hard currency loan extended by the Soviet Union in 1981.

Now the Foreign Trade Ministry has said that Poland is looking to the Soviet Union to let it run a soft currency trade deficit through to 1987. Balance trade till 1990 and start repayments thereafter.

Poland's reuble debt to the Soviet Union will reach 5bn roubles by the end of 1985, equivalent to the value of one year's exports to the Soviet Union.

Meanwhile, Polish officials have revealed that industrial production in the first quarter grew by only 2.6 per cent compared to the same period last year, confirming that growth is slowing compared to 1983.

This means that industrial production will have to rise by 5 per centin the remaining three quarters of this year if the plan target of 4.5 per cent growth is to be reached.

Reuter adds: Poland's Communist Party daily Trybuna Ludu, yesterday derided calls by underground leaders of the banned Solidarity trade union movement for a boycott of government-sponsored May Day celebrations and of local elections in June.

"Boycott work, boycott May Day celebrations, boycott elections—boycott everything that is Polish and socialist, that serves to develop democracy and overcome the crisis," the newspaper said.

"This is the 'positive' programme of opposition groups and subversives supporting them with the aim of sowing unrest," the newspape warned, adding that "any illegal action will be met with firm resistance."

The boycott appeal came in statements on April 9 from Zbigniew Bujak, Bogdan Lis, Eugeniusz Szumiejko and Tadeusz Jedynak, the four activists who make up Solidarity's underground leadership.

Trybuna Ludu attacked the four as "trying to provoke brawls." Experience teaches that there is nothing they can count on, it added, referring to demonstrations in 1982 and 1983.

Nato will seek tighter check on troop cuts

By Patrick Blum in Vienna

WESTERN NATIONS are now expected to present their new proposals for reducing conventional forces in Europe to the 19-nation Mutual and Balanced Force Reduction (MBFR) negotiations here tomorrow, the last day of the current session.

It is stressed here that the new proposals are not "window dressing" but are designed to demonstrate Western flexibility on the central issue of establishing the level of the forces which Nato and the Warsaw Pact have in Europe.

The proposals have not been revealed in detail but are understood to provide for a new way of assessing troop figures which would include a range of numbers rather than hard and fast totals, in an effort to achieve some movement in the deadlocked 10-year-old talks.

The West is expected to match its new flexibility on the so-called data issue with demands for tougher verification of actual troop reductions.

Warsaw Pact officials here are sceptical about the new Western initiative, and have criticised the publication of details in the Press before the proposals are formally tabled.

● The Soviet news agency, Tass, has condemned the new U.S. draft treaty on chemical weapons a day before Vice President George Bush is due to table it before the U.N. Committee on Disarmament in Geneva.

Ten grant aid worth £209m

BRUSSELS — The European Community yesterday granted Ecu 35.5m (£209m) in financial assistance to developing nations.

The Commission said the largest sum—Ecu 20m—has been earmarked for several development projects in Sri Lanka which will benefit 8,000 rural families.

Bangladesh will receive Ecu 7m to improve cereal storage facilities, Angola Ecu 2m to help resettle refugees from Zaïre, and Mozambique Ecu 2.5m to help restore storm-devasted farm lands.
AP-DJ

Soviet bankers want wider role for Ecu

BY ANTHONY ROBINSON

SOVIET BANKERS and financial experts are showing great interest in the future of the European currency unit (Ecu) and have expressed their desire to see the Ecu develop further into an eventual world reserve currency and so reduce the current weight of the U.S. dollar.

This emerged during talks between Soviet and senior West German bankers at the annual meeting of the Soviet-West German banking commission in Tashkent last week.

The Soviet side was not only interested in seeing a greater role for the Ecu, which is based on a basket of European Community currencies, but also expressed a desire to see the D-Mark and other currencies increase their international importance and so reduce the present dominant role of the U.S. dollar.

Ankara envoy takes up post in Turkish Cyprus

BY ANDREAS HADJIPAPAS IN NICOSIA

GREEK CYPRIOT leaders met urgently yesterday afternoon to discuss new separatist moves by Turkish Cypriots which were seen as a rebuff to United Nations efforts to resolve the island's problems.

Mr Rauf Denktash, leader of the self-proclaimed Turkish Cypriot state, announced earlier in the day that he had accepted the credentials of the Turkish ambassador, despite calls by the Security Council and the UN Secretary-General to freeze or retract last November's unilateral declaration of a breakaway state in the Turkish-held northern part of the island.

The government of President yesterday's Turkish actions as Spyros Kyprianou denounced "entirely illegal, invalid and provocative."

There was speculation that the Cyprus Government would request a meeting of the UN Security Council to take up the matter. President Kyprianou will also be visiting Athens early next month to discuss with Mr Andreas Papandreou, the Greek Prime Minister, ways of confronting the Turkish actions.

An official government statement said the Turkish Cypriot actions were aimed at the secession of the occupied part of Cyprus, in violation of UN resolutions. It called on Sr Javier Perez de Cuellar, the UN Secretary-General to say which side is undermining his attempts to break the present deadlock and restart talks

It pointed out that a special UN envoy, Dr Hugo Gobbi, was on an urgent mission to the island at the request of Sr Perez de Cuellar. This showed, it claimed, the Turkish side's "total disregard for the international community and world opinion.

Call to end bank cartel

BY BRENDAN KEENAN IN DUBLIN

A REPORT on the Irish banking system recommends that the effective cartel between the four clearing banks should be broken and that the central bank should end its tight control of interest rates.

It was prepared by Dublin consultants, Davy Kelleher McCarthy for the Irish Banks Standing Committee. The Irish banks are believed to broadly welcome deregulation.

The consultants say that their recommendations, if implemented, would create a more competitive and efficient banking system and that this would have substantial benefits for the local economy.

The report also recommends that all financial institutions, including building societies, be placed under the same regulatory basis and that all be treated equally in terms of taxation and tax exemptions for savers and borrowers.

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EUROPEAN NEWS

Europe may press ahead with frigate study without U.S.

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

EUROPEAN GOVERNMENTS are increasingly concerned at the implications for transatlantic arms production of the effective U.S. withdrawal from a Nato frigate project last week.

Nato ambassadors met in Brussels yesterday to assess the impact of the U.S. action on the future of joint weapons manufacture. Their private meeting, though part of their regular consultations, took place amid widespread concern that the U.S. decision will adversely affect the climate of collaboration which, officials believed, had recently approved.

Officials said yesterday that it called into question U.S. sincerity in pursuing joint weapons programmes with its European allies on a basis of equality.

Paradoxically, however, officials were also suggesting that the incident could strengthen the current drive to improve collaborative arms manufacture between European defence industries.

Eight Nato governments had signalled their intention last week of signing a memorandum of understanding to carry out a feasibility study for a joint frigate. So confident was Nato that it could be signed that its Press department announced last Friday that it had been signed.

The memorandum was actually initialled by all the countries except the U.S.—Canada, France, West Germany, Italy, the Netherlands, Spain and Britain—last February, following nearly two years of work involving close co-operation between national shipbuilding companies, as well as governments.

The U.S. had asked for more time, but the signing ceremony during the Conference of Nato's Armaments Directors (CNAD) in Brussels intended for last Friday was to have been a purely formal occasion.

However, instead of signing, Mr Richard Delauer, Assistant Secretary at the Pentagon, tabled two pages of detailed "clarifications" which European officials said vitiated the whole agreement.

The text is said to be classified. But officials said that the U.S. reservations called into question the principle of equality on which the frigate and other collaborative projects are based. They cited as a key example U.S. unwillingness to share key technologies on an equal basis with its partners, despite the negotiated agreement that each partner was to have 12.5 per share in the project.

The U.S. action appears to have strengthened the resolve of the remaining seven partners in the frigate to go ahead with the feasibility study for the 3,000-4,000 ton warship. They will renegotiate the memorandum of understanding, leaving the door open for the U.S. to return under the new conditions.

China courts East Europe

BY LESLIE COLITT IN BERLIN

CHINA HAS sent a small but high-powered delegation to Eastern Europe to sound out prospects of improving relations with the Soviet Union's Warsaw Pack allies.

The delegation is headed by Wang Gingnan, chairman of the Chinese Society of Friendship with Foreign Peoples. The delegation is currently visiting Poland and will go to East Germany, Hungary, Czechoslovakia, Bulgaria and the Soviet Union.

Wang last year explained that China now regarded the East European countries as "socialist" but not the Soviet Union because of its "hegemonistic" foreign policy. He noted this change in Peking's policy had led it to having better relations with Eastern Europe than with Moscow.

China's Communist Party general secretary, Hu Yaobang, recently sent a personal message to President Herr Erich Honecker of East Germany expressing satisfaction over the improvement in their relations. The message on this level was unusual as there are no party to party relations between China and East Germany or with any other East European Communist Party.

Pravda call to close ideological ranks

By David Buchan

MR ANDREI GROMYKO, the Soviet Foreign Minister, arrived in Budapest yesterday for a meeting of Warsaw Pact foreign ministers, as Pravda, the Communist party newspaper, called for ideological solidarity within the Soviet bloc.

The occasion of the Pravda article, and a similar one in the Czechoslovak party newspaper, Rude Pravo, was the anniversary of the final dismissal of Mr Alexander Dubcek as Czech party leader on April 17, 1969.

Both papers hailed the Warsaw Pact invasion of Czechoslovaki in August, 1968, as a triumph for "fraternal internationalist aid," leaving the strong implication that any fresh attempts at political liberalism in Eastern Europe would not be tolerated.

Pravda said that the 1968 intervention showed that Moscow and its allies would not "leave a country in need," if "internal reactionary groups" threatened it. Neither Soviet nor Czech newspapers referred by name to Mr Dubeck, who has become an "unperson"

Calls for a closing of ideological ranks within the Soviet bloc have accompanied the military "counter-measures" which the Soviet Union embarked on last autumn in response to U.S. missile deployments in Western Europe. The Soviet Union is placing new missiles in East Germany and Czechoslovakia.

While there is no sign of a Soviet return to nuclear missile talks with the U.S., disarmament negotiations are continuing on possible reductions of conventional forces in central Europe and on a ban on chemical weapons.

The two-day Warsaw Pact ministerial meeting, which starts in Budapest tomorrow, will have two western initiatives in these areas to consider.

In response to an earlier Soviet draft treaty, a U.S. proposal on banning chemical weapons is being presented this week in Geneva by Vice-President George Bush. Meanwhile, at the mutual and balanced force reductions talks (MBFR) in Vienna, Nato is tabling new proposals to try to overcome the previous dead'ock over military data of the two opposing alliances.

Car orders plunge in West Germany

BY JONATHAN CARR IN FRANKFURT

DOMESTIC ORDERS for West German cars plunged last month to their lowest level for two years although foreign demand held up quite well, according to the Automobile Industry Association (VDA).

The VDA, which disclosed no order figures, attributed most of the fall to customer uncertainty over government plans to cut vehicle exhaust emission.

In particular there is no firm word from Bonn on what tax concessions may be available for motorists who buy vehicles with catalytic converters to help reduce pollution.

In the VDA's view, many potential car buyers are now hanging back to see exactly what will come of the Government's scheme, first sketched out by the Interior Ministry last summer and much debated since.

New VDA figures show that a total of 382,000 cars rolled off the production lines last month – 3 per cent (seasonally adjusted) down on the February figure but a rise of 6 per cent on March 1983. Commercial vehicle production is still very slack – at 23,600 down by 14 per cent on February and 10 per cent on March last year.

Total vehicle production in the first quarter was up by 12 per cent on the same period of 1983 to 1.2m. Car exports rose by 9 per cent to 607,600 while commercial vehicle exports dropped by 2 per cent to 44,800.

Slowdown in Swedish industrial production

BY DAVID BROWN IN STOCKHOLM

SWEDISH INDUSTRIAL production slowed in February but remained nearly 7 per cent above last year's level.

Seasonally-adjusted figures for February show a drop of 0.7 per cent compared with January levels, while production for the three months between December and February was virtually unchanged against the previous three high-growth months, reports Statistics Sweden (SCB).

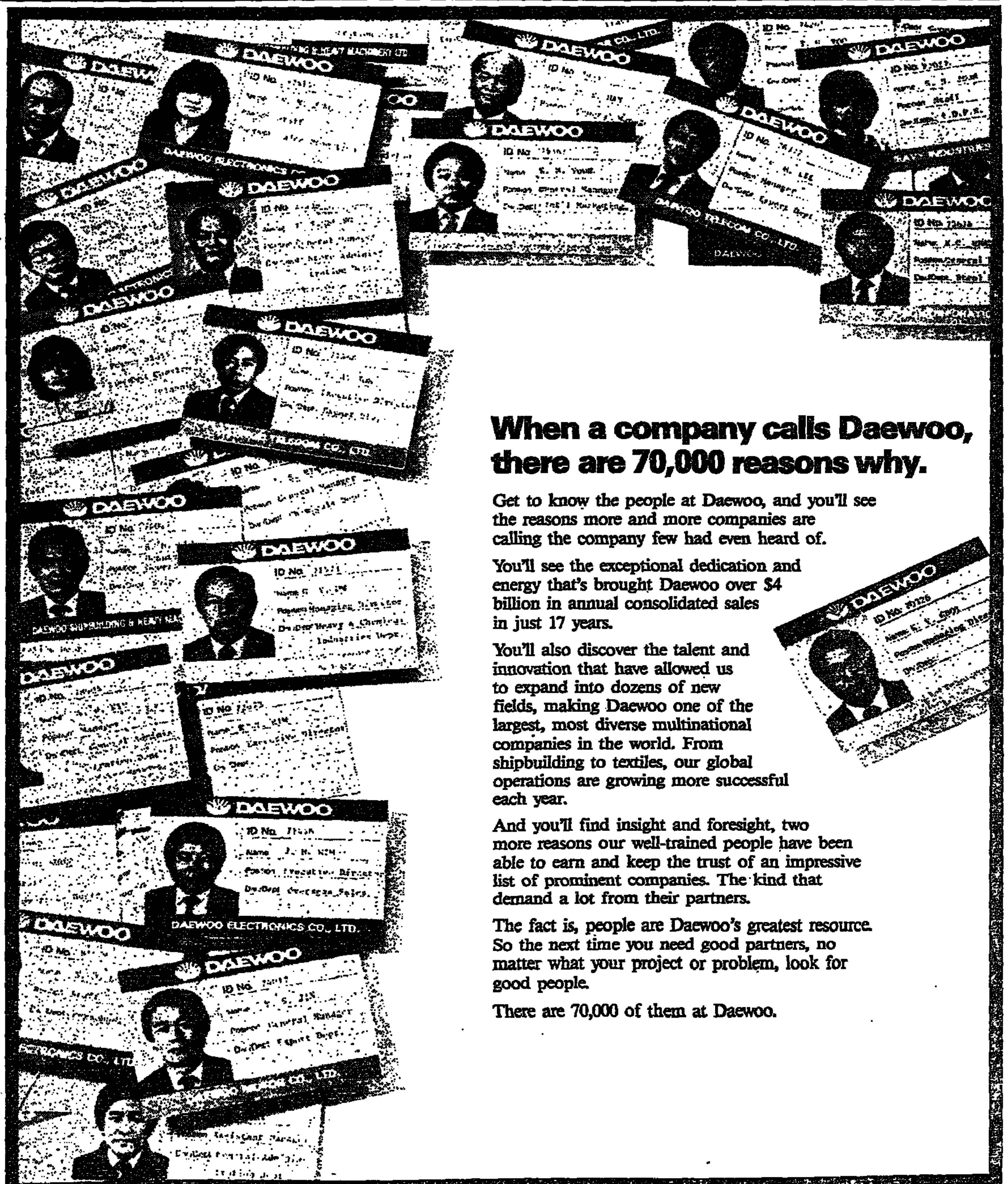
The decline comes on the heels of unexpectedly high autumn production last year. "We foresee continuing rapid production increases," said a leading economist with Skandinaviska Enskilda Banken, Sweden's leading commercial bank. "This is a temporary phenomenon."

He noted sharp increases in order intake (especially in export orders for the engineering sector), higher employment and investment, and a decline in stocks.

A Swedish Finance Ministry source said the figures did not change the Government's prediction for 6 per cent industrial growth in 1984.

The preliminary SCB figures show production in the engineering sector (excluding shipbuilding) declined by 1 percentage point during January but was up 11 per cent over the previous year. The three-month December to February production figure grew only 2 per cent compared with the 7 per cent advance in the earlier period.

Sawn timber, paper and cardboard production was ahead by 5 per cent in February, while pulp output declined by 8 per cent.



EUROPEAN NEWS

Anthony Robinson describes the rise to prominence of Mikhail Gorbachev

A Soviet heir both apparent and real

THE SOVIET UNION not only gained a President at last week's session of the Supreme Soviet in Moscow—it was also presented with an heir-apparent: Mikhail Sergeevich Gorbachev. Because the Soviet system has no provision for a deputy leader, rank has to be deciphered from physical position at official line-ups, signatures on obituaries or decrees and general demeanour in public.

On all these counts, Mr Gorbachev, 53 last month, must now be considered number two in the Soviet hierarchy and the nearest thing to an appointed successor that the Soviet Union has ever seen.

In trying to assess the strength of Mr Gorbachev's claim to the Soviet throne it is important to recognise that he is not the chosen heir of Mr Konstantin Chernenko, the present leader, but of Mr Yuri Andropov, Mr Chernenko's predecessor. But he is not the first heir apparent to emerge during the 67 years of the Soviet state, and the fate of previous young hopefuls is not reassuring.

Lenin's choice of successor was not Stalin, but a brilliant party intellectual, Nikolai Bukharin, who he described affectionately as "the darling of the party." The ruthless, rude and scheming Stalin first elbowed aside, and then physically annihilated Bukharin along with all his other real or potential rivals, from Zinoviev to Trotsky.

Like most great men, Stalin surrounded himself with mediocre men and sycophants, and groomed one of these, the colourless Georgi Malenkov, to succeed him. Malenkov's moment of glory was brief. He became chairman of the Council of Ministers, effectively Prime Minister, on Stalin's death, leaving the party in the hands of a committee of five men, who included Khuschev, a much tougher and wily figure than Malenkov. The latter was stripped of power in 1956 and banished to Ust-Kamenorsk in Siberia, where he became manager of the local hydro-power station.

Khruschev's eye was caught by a slightly flash, gregarious and craggily handsome young man with a reputation as a womaniser but also as an effective and well-liked local party boss ... His name was Leonid Brezhnev.

In the end, Brezhnev played the role of Brutus in the Kremlin coup of October 1964, masterminded by veteran ideologue Mikhail Suslov. He emerged first as primus inter pares with Alexander Kosygin and Nikolai Podgorny and ultimately as leader in his own right.

Having betrayed the confidence of his own patron, Brezhnev was clearly determined not to suffer the same fate himself. The current dearth of experienced, middle-aged leadership is the result. When he did finally decide to select an heir, he chose Konstantin Chernenko, who was only three years younger than himself and a trusted confidant.

Mr Gorbachev: unscathed by the trauma of war.

When death finally claimed Brezhnev in November 1982, Mr Chernenko was passed over in favour of Yuri Andropov, the man who had the confidence of the main "kingmakers"—Andrei Gromyko, the Foreign Minister and Dmitri Ustinov, Minister of Defence.

As Andropov's health waned, Mr Chernenko's star waxed again. Many felt that the Communist Party had been downgraded by the appointment of Andropov, a man whose power base did not lie in the party but in the security and military establishments. Their influence had been seen to grow—alarmingly, no doubt, to many in the party, the traditional source of power.

These resentments were too strong to be ignored on Andropov's death. At the same time, the brevity of his tenure, a mere 15 months, meant that his own candidates for the succession, notably Mr Gorbachev (who also presumably has the support of the kingmakers), had not yet had the time to build up or consolidate their own power.

Mr Gorbachev's climb to eminence began in 1971 when this ambitious young lawyer from the Stavropol area of Southern Russia entered the central committee in recognition of his role as local party secretary. Stavropol is a fertile breeding ground for Soviet leaders—both Mikhail Suslov and Yuri Andropov had close links with the area.

It is also one of the most fertile agricultural areas. A party secretary there has to be well versed in the reality of Soviet agriculture, and able to deliver the harvest if he is to survive. Mr Gorbachev brought to the job not only his training as a lawyer but also the theoretical knowledge he gained by taking a correspondence course at the Stavropol Agricultural Institute after graduation from Moscow State University in 1955.

His achievements were such that in October 1978 he was brought to Moscow and made central committee secretary for agriculture following the death of Politburo agriculture specialist Fyodor Kulakov. Two years later, he took over his predecessor's vacant Politburo chair as well.

The fact that he has survived five bad harvests in a row is perhaps the biggest single pointer to the security of his hold on power. While Mr Brezhnev was alive he kept a low public profile and sat, plump, balding and inscrutable through public apeparances with other leaders.

Physically he reminds one of the American actor Rod Steiger when he played Al Capone a decade ago. Recently he has taken to wearing glasses in public and as he has grown balder a large strawberry coloured birth mark has become more prominent on his upper forehead. Like most Soviet leaders, little is known about his private life.

His wife has been seen by foreign diplomats' wives and is described by one as "elegant, beautiful and dripping with jewels." She did not accompany him however on an official visit to Canada last May when he impressed his hosts as a bright, well-informed and sophisticated operator. Significantly his trip to Canada was extensively televised in the Soviet Union.

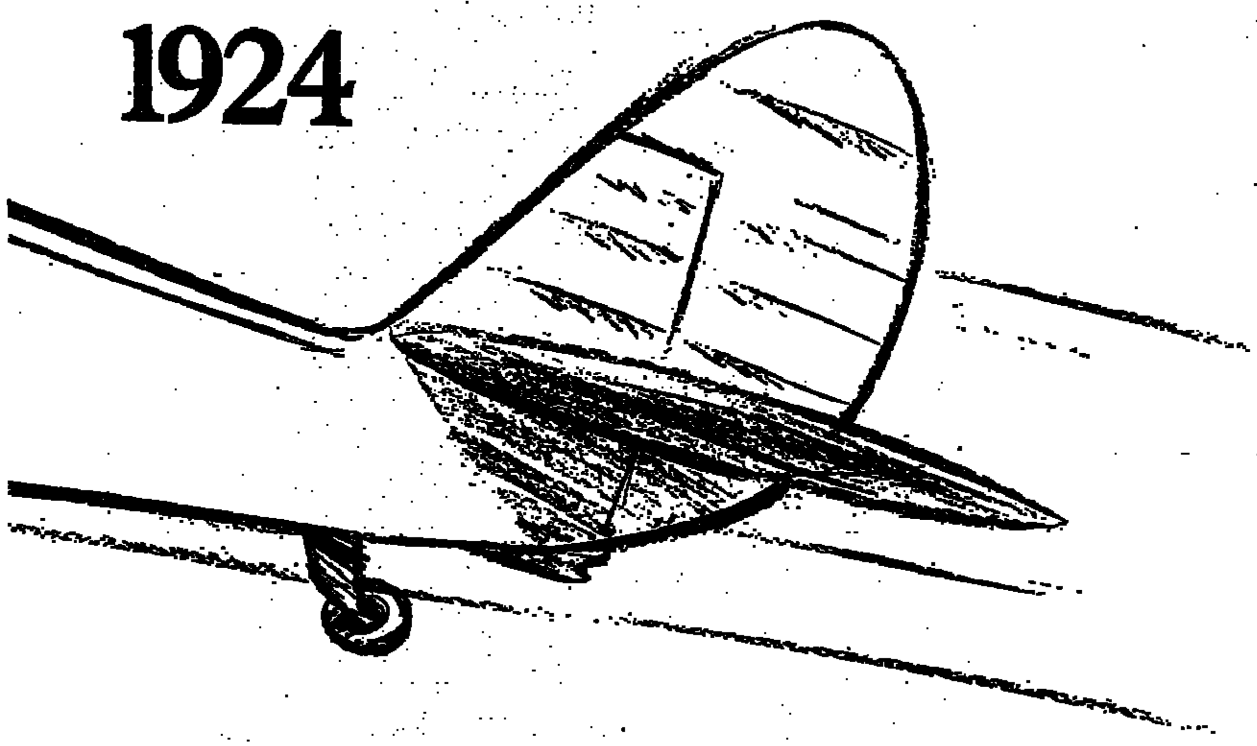
One of Mr Chernenko's greatest setbacks is that he is so obviously a domestic product unlikely to travel well or impress foreigners. Mr Gorbachev is being groomed as a future world class statesman, who is likely to appeal to millions of Russians, who long for their country to be respected abroad.

At the same time his range of domestic duties has been steadily extended beyond agriculture and the economy to party organisation — he organised the recent internal party elections for Andropov —and now foreign affairs and ideology following his appointment last week as chairman of the foreign affairs commission of the Supreme Soviet.

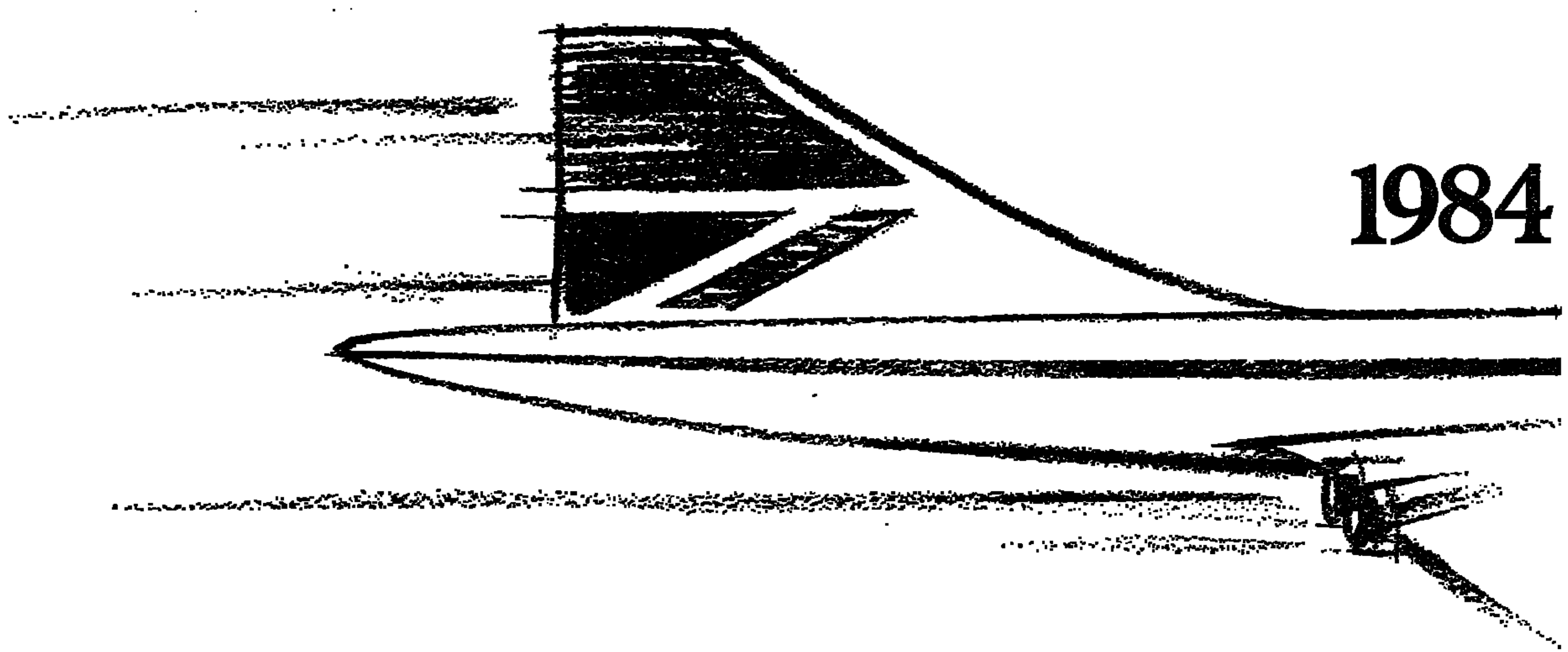
On present form Mr Gorbachev now looks unassailable —barring accidents and the unpredictable. One of the main questions now is whether Mr Chernenko will remain as President, party leader and head of the armed forces until death or whether we are witnessing a conscious attempt to bring more order and structure into the Soviet system.

Mr Chernenko might yet go down in history as the first Soviet leader voluntarily to relinquish all or part of his powers in favour of a chosen successor. If this happens Mr Gorbachev looks like being the first beneficiary—but such a move would mark a significant evolution in Soviet political practice. It would also bring to power the first Soviet leader innocent of complicity in Stalin's crimes and relatively unscathed by the trauma of World War Two.

1924



How time flies.



1984

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OVERSEAS NEWS

Optimistic mood for Reagan visit

PEKING — Presiden Reagan's visit to China is *likely* to enhance prospects for further U.S. investment and joint business ventures, a Chinese official said yesterday.

An official of the Ministry of Foreign Economic Relations and Trade struck an optimistic note despite the recent stalling of talks on a key Sino-U.S. investment treaty.

He was quoted by he official New China News Agency as saying hat by the end of 1983, U.S. companies's invested $676m (£482m) and had 21 joint ventures in China,

His comments were made public as U.S. officials entered a second day of talks aimed at securing a nuclear co-operation agreement with China before Mr Reagan's visit at the end of the month.

The proposed nuclear energy pact *could clear the* way for billions of dollars of business for U.S. companies trying o compete against European manufacturers already involved in *negotiations* for nuclear projects.

The nuclear deal is being held up because Peking does not agree to a U.S. condition for monitoring any Chinese reprocessing of spent nuclear fuel from U.S.-built reactors.

The treaty was to have been initialed here bofer Mr Reagan's trip starting on April 26, but more work on it is now needed.

● Japanese Prime Minister Yasuhiro Nakasone wants to settle all Japan's economic disputes with the U.S. and Western Europe early in May, he told Japanese reporters in Tokyo yesterday.

Reuter

The deadly effect of Gadaffi's Third Universal Theory

BY ROGER MATTHEWS, MIDDLE EAST EDITOR

THE OUTBREAK of Libyan violence on the streets of London yesterday can in large part be blamed on the "Third Universal Theory" and its author. Just over seven years ago, the fertile brain of Col Muammer Gadaffi, the Libyan leader, produced this blueprint for ushering in what was euphemistically described as "a new era in domecracy."

The Third Universal Theory did away with "professional politicians and bureaucrats," who would, it said, obstuct and distort the will of the *people. In their place,* a system of direct democracy was set up, which replaced all the traditional mechanisms of government with "popular *direct authority*" expressed through a congress and committees.

The latest enactment of the law appeared to have taken place on February 22, at the Libyan People's Burea (formerly the embassy) in London. A group of Libyan students walked into the building, ejected the head of the People's Bureau and other members of his staff, and declared that they were plan*ning "to re-evaluate relations* with Britain, which has given refuge to criminals who are enemies of the Libyan people and which has gone along *with American policy in the* Middle East."

On March 10, bombings aimed against Libyan dissidents began in London and *spread the next day to Man*chester. The British Government warned Libya that further attacks could seriously damage relations between the two countries and stressed that it would not tolerate the use of violence.

There was considerable concern in Whitehall about the activities of the "students" in the embassy building in St James's Square and no convincing reassurances had been *received from Tripoli.*

Col Gadaffi is not alone among heads of state in wishing to hunt down his opponents abroad. But the very *nature of the Libyan* Jamahiriya (the State of the Masses) is that it does not admit the possibility of opposition, at least in the *mind of its originator.*

A former diplomat who served in Tripoli said yesterday: "The silencing of dissidents is a fundamental requirement for Gadaffi. He is psychologically incapable of accepting that there are Libyans who believe he is wrong. Their existence is a denial of what he thinks he has achieved."

The Third Universal Theory is a handy weapon for remov*ing anyone within the Libyan* power structure whose loyalties have been doubted or actions disapproved of. Thus Col Gadaffi may claim *he did not order the takeover* of the London people's Bureau, but that it was the will of the Libyan masses.

This "will" was expressed *recently in Tripcli* when a mob marched on the Jordanian embassy and burned it to the ground because they disapproved of King Hussein's policies.

"These people believe that what they are doing is perfectly acceptable and correct," *said the former* diplomat. "They get sent to London as "students." They know virtually nothing about the rule of law as it exists here.

"They react instinctively. If you are supposed to be hunting down enemies of Libya and you find one, then you shoot."

Col. Gadaffi's rejection of accepted Western forms of international behaviour and *his pasionate obsession* with exporting his revolution has ensured that Libya is rarely far from the main trouble spots of the Middle East and Africa.

It is still heavily involved in Chad: it was last month accused of attempting to bomb a radio station in Sudan; during the January riots in Tunis, a Libyan team was said to have blown up an oil pipeline, and "hit squads" are alleged *to* have been sent to the U.S.

Although the British Government will obviously have to react firmly to yester*day's events, it* will *also* have to act in the knowledge that the unpredictable Col Gadaffi is host to several thousand Britons working in his *country.*

Howe meets Chinese leaders

BY ROBERT COTTRELL IN PEKING

ZHAO ZIYANG, Prime Minister of China, yesterday told Sir Geoffrey Howe, Britain's Foreign Secretary, that a settlement of the future of Hong Kong will "promote the existing friendly relations between Britain and China to a new stage." He said: "As long as the two sides have sincerity and work in a spirit of mutual trust, it will be highly possible to achieve an early and satisfactory solution of the question of Hong Kong."

According to a spokesman for the Chinese Foreign Ministry, Sir Geoffrey then told Zhao that he also hoped for an "early and mutually satisfactory agreement" on Hong Kong's future.

Yesterday was Sir Geoffrey's second day of meetings with Chinese leaders in Peking, in a visit aimed principally at discussing the outstanding elements in Hong Kong's future administration on which the two countries have yet to reach agreement.

In rounds of diplomatic talks held intermittently since July last year, Britain is widely believed to have acceded to China's general intention of resuming sovereignty over Hong Kong in 1997, when Britain's lease over most of the colony expires. China says it will then grant Hong Kong an autonomous, though not independent, administration for at least 50 years. Sir Geoffrey is likely to allude to this situation in a press conference in Hong Kong on Friday.

A Chinese Government spokesman also confirmed yesterday that Sir Geoffrey will meet Deng Xiaoping, the Chinese leader, this morning, before flying to Hong Kong. On Monday, Sir Geoffrey met Wu Xueqian, China's Foreign Minister. Yesterday, in addition to Zhao, he met Ji Pengfei, Peking state councillor responsible for Hong Kong and Macau affairs.

Officials say this round of ministerial talks will provide orientation for further rounds of diplomatic talks on points still to be resolved. Such points *may include Hong Kong's polic*ing and legal system after 1997.

China has set a deadline of September for the announcement of arrangements:

Asian economies helped by recovery in West

BY EMILIA TAGAZA IN MANILA

THE NEWLY industrialising countries of Asia recovered last year from the exceptionally low growh rates of 1982. In its annual report, the Asian Development Bank, the major multilateral lender in the region, attributed the recovery to a renewed demand in the countries' major markets in the West, triggering a revival in exports and in local manufacturing and demand.

Hong Kong showed the most dramatic revival, with an economy that grew by 5.9 per cent compared with a 1982 growth rate of 1.1 per cent. Singapore's economy grew by 7.9 per cent compared with 6.3 per cent in 1982, while South Korea recovered to an 8.7 per cent growth compared with 5.8 per cent.

The ADB said, however, that growth rates declined in Burma, Nepal, Sri Lanka, Fiji and the Philippines. Except for the Philippines, these countries were adversely affected by severe drought and inclement weather, slowing down agricultural production. In the case of the Philippines, external payments problems hindered growth.

The ADB's own lending activities and equity investments in the Asia-Pacific area grew last year to $1.9bn, a 9.6 per cent increase over the previous year's lending of $1.7bn.

Japan and U.S. still apart over funding

By Mohamed Aftab In Islamabad

"CONSIDERABLE efforts" will still be required to bridge the gulf between the U.S. and Japan over the thorny question of replenishment of International Development Association coffers and implement a selective capital increase for the World Bank.

Mr Ghulam Ishaq Khan, Pakistani Finance Minister, who is chairman of the World Bank's development committee, made these remarks on his return to Islamabad from chairing a committee session in Washington last weekend. The committee comprises 22 finance ministers.

The Japanese Parliament is likely to consider legislation for its World Bank funding next week and the U.S. Congress in the coming few weeks, he said.

Agreed Japanese funding for the IDA and for the World Bank's increased selective capital should make Tokyo second only to the U.S. as a contributor and well ahead of the Europeans. *Mr Khan said* Washington would prefer that before Japan took this decision it would first open up its domestic markets and allow the *yen to play a larger role in the* world market.

The Minister also said that the committee noted that economic recovery in the industrialised nations was proceeding "at a pace faster than foreseen last year." But, several members, particularly those from the developing world, thought that "the spread of the effects of this recovery to their economies is limited."

The committee, Mr Khan said, urged Western nations to lower tariff barriers for imports from developing nations and to step up resource flows, including commercial and concessional loans, particularly to sub-Saharan countries.

He also expressed his "grave concern over the fact that the growth in most non-oil developing countries was less than 1 per cent in 1983," below their population growth.

India may call conference

NEW DELHI—India is considering a proposal to invite finance ministers of developing countries to meet in New Delhi to discuss reforming international monetary bodies, Finance Minister Pranab Mukherjee said yesterday.

He told journalists that international bodies have failed to respond adequately to Third World requests for aid. He said India faces uncertainty over maintaining its present share of aid because of a cut in contributions by donor countries to the International Development Association, the World Bank's soft-lending affiliate.

Reuter

Murder trial told of corruption inquiry

By a Special Correspondent in Hong Kong

THE PUBLIC trial to establish who strangled Malaysian banker Mr Jalil Ibrahim last July and dumped his body in a banana grove was told yesterday that other Malaysian bankers here were being investigated at the time by the Corruption Commission.

On trial is Mr Mak Foon Than, 32, who has denied murdering Mr Jalil, who was one of two assistant general managers of Bank Bumiputra Finance, a wholly owned subsidiary of the *Bank Bumiputra in Malaysia.*

On Monday, in his opening address, the Crown prosecutor sought to establish a close link between the murder of Mr *Jalil* and a *loan being negotiated* for the benefit of the now-defunct Carrian Group and Mr George Tan, its chairman.

Under cross examination yesterday, *Mr Henry Chin—the* bank's other assistant general manager at the time—said he did not know that his superior, general manager Mr Ibrahim *Jafaar, had gone on leave earlier* than usual because he was about to be interviewed by Hong Kong's Independent Commission against Corruption.

*Mr Chin said he had been in*structed by the chairman of BMF, Mr Lorrain Osman, to implement a $4m (£2.85m) loan to Carrian. (Carrian is believed to *owe the Malaysian bank* several hundred million dollars.)

Mr Chin described the $4m loan as "an unusual transaction." But *Mr Osman, the chair*man, had written on the bottom of the letter: "Henry, implement this immediately."

Mr Chin admitted that he had said to a colleague: "*Shit,* why did I ever get involved with it."

He said that when Mr George Tan, then chairman of Carrian, came to the BMF office on the day that Mr Jalil was murdered, Mr Tan seemed irritated by the delays. The court was told on Monday that Mr Jalil was responsible for loans and that a committee in Kuala Lumpur, the Malaysian capital, had to approve all new loans.

At this point, added complexities are funnelled in to an already convoluted case. Mr Jalil, the man who could authorise loans, had been lured to a local *hotel in order to cash* some travellers cheques for what he understood to be a visiting Malaysian businessman with political clout.

The *prosecution* maintains that the alleged prominent businessman was, in fact, the accused.

Questioned by the defence yesterday, Mr Chin said he knew nothing about Hong Kong businessmen putting funds into banks in Malaysia to protect their business interests.

He also denied any knowledge of enterprises such as Carrian handing out commissions to anyone who could arrange dealings with Malaysian banks. He said he had never received a commission for anything.

In reply to questions, he surmised that Mr Lorrain Osman, chairman of BMF, might have filown to Hong Kong from Kuala Lumpur specifically for the $4m loan to Carrian (described on Monday as "very important" in the attempt to salvage Carrian. The loan was obtained, but Carrian collapsed.

Mr Chin said that when Mr Jalil did not return from his trip to change travellers cheques across the harbour, he went ahead and authorised the loan. The prosecution maintains that, by then, Mr Jalil had been strangled with dressing gown cord.

Beirut crossing reopened with new monitoring posts

BY NORA BOUSTANY IN BEIRUT

THE ONLY access road linking mainly Moslem West Beirut with Christian East Beirut was reopened to traffic yesterday amid signs of guarded optimism on the cessation of hostilities.

French observers inspected two high-rise buildings on both sides of the Green Line dividing the city. The Rizk in the East and the Murr in the West, military status symbols for whoever controls them, will serve as spotting sites for ceasefire violations. The white-helmeted French observers will take up positions in the upper storeys of the skyscrapers, according to a plan drafted by the Lebanese multi-factional security committee.

Beirut was generally calm yesterday, with progress reported in talks between Lebanese Druze opposition representatives and Syrian Vice-President Abdel Halim Khaddam in Damascus. A reform package was reported to be in the making between Lebanese President Amin Gemayel, the opposition and the Syrian regime. No details were divulged.

Nkomo criticises black oppression in Zimbabwe

MR JOSHUA NKOMO, Zimbabwe's opposition leader, said in London yesterday that the past three years in Zimbabwe had been worse than the 33 years in which he fought against white oppression.

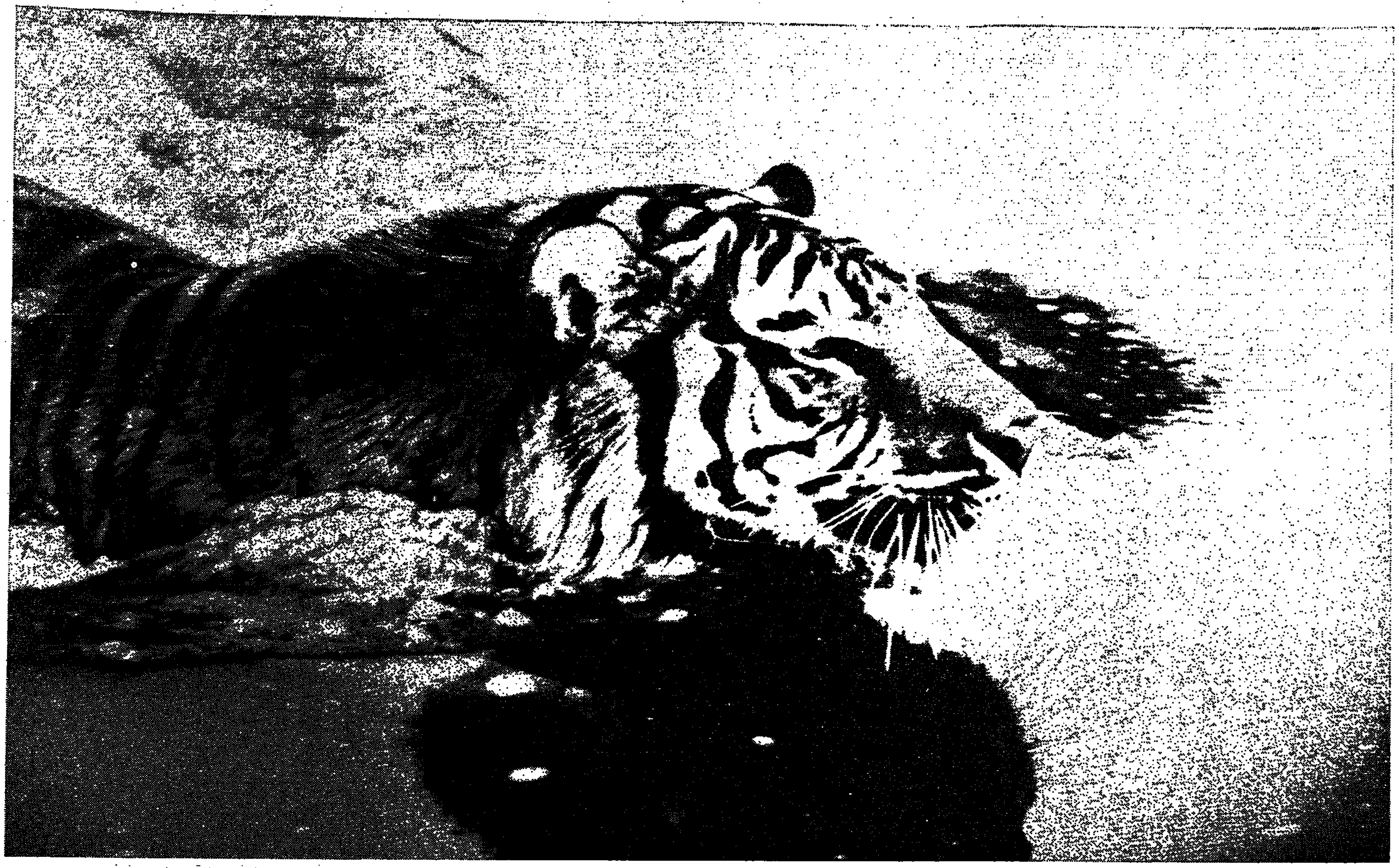
He said: "And that included having been detained for 11 years and in exile for half of that time."

The nationalist leader was in London to launch his book, The Story of My Life.

Mr Nkomo told a Press conference that as a nationalist leader he had not been fighting against white rule as such: "I fought against the system. That is why I said the saddest thing in my life was when I discovered that people can get their freedom from colonial masters and find themselves unfree.

He said he had not been able to hold a meeting for the past four years in the capital, Harare. "People are being detained without trial. People are being tortured. We have *independence and freedom from* our colonial masters. But there are failings within us.

"When I criticise these things I am not criticising Robert Mugabe and his Government. I am fighting against these things. I did not accept these things when the government was white. I will not accept them when the government is black."



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Reagan axe prompts dissent over racial dividing line

BY NANCY DUNNE IN WASHINGTON

THE U.S. Civil Rights Commission has been a constant thorn in President Ronald Reagan's side. "It seems to be devoting its time to sniping at me with accusations and saying things that aren't true," he complained. Last year, he decided to do something about it.

Following a series of reports from the Commission depicting his efforts to shrink the size and scope of the federal Government as an assault on civil rights, he sacked three commissioners, saying that the Administration wanted a change of direction.

Policies such as busing children across town to achieve a better racial balance in schools and quotas on the number of women and minorities employed in companies were seen as extreme measures, out of tune with current social trends in the U.S.

The Commission has since been re-organised and the changes have infuriated Congressional members who support black, hispanic and women's issues. So strong is their conviction that the new Commission is no longer doing its job properly that they are seeking to withdraw its funding.

The body was set up 25 years ago when the civil rights movement in the U.S. was gaining pace. Its function is to gather and disseminate information and examine federal laws for signs of discrimination. Although it makes no laws or regulations itself, it has a wide brief to investigate denials of equal rights.

Its views have not always been acceptable to U.S. administrations, especially since its concept of civil rights was broadened to include social and economic policy. But with few exceptions, commissioners have remained insulated from politics, serving their terms regardless of changes in government.

After the three commissioners were sacked, a row ensued and the Commission's authority to operate was allowed to elapse. A compromise between Congress and the White House enabled the Commission to get back into action, but with a new direction.

The old Commission had six part-time members, three from each major political party, and a full-time staff director, all of whom were appointed by the President and approved by the Senate. It now has eight part-time commissioners, four chosen by the White House and four by Congress, and a staff director selected only by the White House.

The agency is now deeply divided, perhaps reflecting the country's mood that minorities may have impeccable civil rights credentials, opposed to remedies suggesting positive discrimination.

> ‘Equal means equal . . . it does not mean you have a separate list for whites and blacks for promotion any more than you have separate accommodation for whites and blacks for eating’

Mr Clarence Pendleton, a conservative Republican, is the first black chairman of the Commission. The vice-chairman, Mr Morris Abram, former president of Brandeis University and past chairman of the United Negro College Fund, led a 14-year legal battle in Georgia, winning full voting rights for blacks.

"Equal means equal," he insists. "Equal does not mean you have a separate list for blacks and whites for promotion any more than you have separate accommodation for blacks and whites for eating."

Mr John Bunzel, another Reagan appointee who has been involved with the civil rights struggle since the 1940s, complained of the old Commission's "tendency to become an advocate by actively favouring certain funding levels, spending priorities and other issues of social policy properly left to Congress and the President."

The civil rights community, he insists, must acknowledge that overt racism has significantly declined and not use discrimination as an explanation of economic disparities between ethnic groups.

Some liberal legislators who opposed the Reagan appointees see the new Commission as a smokescreen for an Administration retreat on civil rights.

"This debate is not about busing and not about quotas," said Senator Joseph Biden, a Delaware Democrat. "The Administration knows that if we ever focus on its civil rights policy, white America will find its activities abysmal. So what it does is pick the two things that whites and many black Americans disagree with—busing and quotas—and says the only reason why there's any opposition to these people is busing and quotas. This is unadulterated malarkey."

Ms Mary Frances Berry, one of the commissioners the Administration felt was extremist, but who was reappointed under the Congressional compromise, says she now despairs for women and minorities.

The spotlight has now turned to Miss Linda Chavez, the Commission's staff director, an articulate hispanic who claims as a goal the establishment of a colourblind nation.

Under the guidance of Miss Chavez, the Commisison has voted to drop some studies set up previously and has added some new ones. It approved one of her first recommendations — to cancel a study on how cuts in student financial aid affected colleges at which most students were black or hispanic.

Instead, Miss Chavez recommended a study of how affirmative action works in colleges, noting "a general decline in academic standards" coinciding with its advent. She put as one of her highest priorities the study of "the adverse consequences of affirmative action programmes on Americans of European descent."

Also on the Commission's agenda now, at her urging, is an investigation of the doctrine of "comparable worth," the idea that equal pay should be given not only for equal work but for work deemed comparable in value.

The Commission also plans to study discrimination against minority children suspended from school. Methods of desegration in elementary and secondary schools and declining discrimination against minorities. It may all come to an end, however, if the agency is "defunded."

At a recent House hearing, Mr Pendleton and Miss Chevez were told that the Commission has narrowed its jurisdiction in a way "designed to shield Congress, the press and the public from the bad news of the Reagan budget cuts."

The new Commission has taken pains to deny that it is the tool of any political body. However, it has failed to reassure its traditional constituency that genuine civil rights progress achieved in the past will not be undone.

Nicaragua protests to Costa Rica over guerrilla attacks

BY TIM COONE IN MANAGUA

THE NICARAGUAN Government has accused Costa Rica of violating its policy of neutrality by allowing rightest guerrillas seeking to overthrow Nicaragua's left-wing Sandinista Government to use Costa Rican territory to launch their attacks on the isolated frontier garrison of San Juan del Norte.

The abandoned town was taken last Friday by the Revolutionary Democratic Alliance (Arde) forces operating in northern Costa Rica and led by Eden Pastora, a hero of the 1979 Sandinista revolution which he now opposes.

Sr Victor Hugo Tinoco, Nicaragua's Deputy Foreign Minister, called on the Costa Rican Government to take "immediate urgent measures" to disarm the guerrillas operating in Costa Rica, specifically in the regions of Ciudad Queada and Barra del Colorado, "to prevent a worsening of the already delicate situation."

Sr Carlos Gutierrez, Costa Rica's Foreign Minister, said: "We are analysing the risks for Costa Rica presented by the taking of San Juan del Norte." Sr Tinoco repeated previous government denials that San Juan del Norte had fallen into guerrilla hands, but said that the guerrillas "will soon be thrown back towards Costa Rica from where they came."

Heavy fighting is continuing around San Juan del Norte and the Government is sending in reinforcements to the zone. Sr Pastora, speaking in an interview with the Costa Rican radio station "Radio Impacto," said his troops in San Juan del Norte were being attacked by aircraft and helicopters and were running short of food.

On Monday, Sr Pastora said that Arde would form a provisional Government in San Juan del Norte within 90 days, to be headed by another Arde leader Sr Alfonso Robelo. However, Sr Robelo, presently on a European tour, and quoted by "Radio Impacto," said a provisional Government in San Juan del Norte was "only an idea" for the moment and that he didn't want to take any "reckless steps."

It has been a principal objective of the U.S. backed guerrillas based in Honduras and Costa Rica to capture a piece of Nicaraguan territory and to form a provisional government there with the aim of then requesting direct external military assistance to defend it. It is for this reason that the Nicaraguan Government can be expected to make a major effort shortly to drive the guerrillas out of San Juan del Norte.

● Bipartisan American support for U.S. policy in Central America will continue despite controversy over the reported mining of Nicaraguan harbours by the Central Intelligence Agency (CIA), Mr Howard Baker, U.S. Senate majority leader, said yesterday, Reuter reports.

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Texas University plans 32 posts in high tech

BY STEWART FLEMING IN WASHINGTON

THE UNIVERSITY of Texas is establishing 32 new chairs in high technology industry research. The move is part of a broad ranging plan developed by the state government aimed at enhancing the industrial base of the state in sectors such as mucrielectronics, molecular biology computer aided designed and materials engineering.

The plan follows the emerging collaboration between the state and a company, MCC research, which was formed last year in Austin, Texas, and plans to spend $900m on research in the microelectronics field. MCC, headed by Admiral Bob Inman, is a new form of joint venture research company whose 15 shareholders include some of the best known names in the U.S. computer industry ranging from digital equipment, Honeywell and Motorola to Martin Marietta and Rockwell International.

MCC based itself in Austin largely because of the advantages it saw in collaborating with the University of Texas and Texas A and M University, both of which are in the process of dramatically expanding their capacity for research in high tech industries.

These efforts at the state financed universities are being actively promoted by the state government, according to Ms Meg Wilson, science and technology co-ordinator for the State Economic Development Agency. Vigorous efforts to develop high tech industry in the state are underway, partly because of the serious economic problems facing southern Texas.

The endowment for the chairs is based on a $8m private donation to the University which has come partly as a result of personal contact through MCC, coupled with the University's agreement to provide matching funds to take the total to $32m.

Report suggests sweeping changes vital to Canada

BY BERNARD SIMON IN TORONTO

SWEEPING CHANGES in Canada's economic, political and social fabric are needed to ensure the country's future well-being, according to the first report of a commission on development prospects chaired by Mr Donald Macdonald, a former Federal finance minister.

The report makes no recommendations but publishes its findings thus far as a series of "challenges and choices," to be discussed at a number of public debates over the next few months before more detailed proposals are formulated.

Mr Macdonald, who earlier this year was considered a possible contender to succeed Mr Pierre Trudeau as Canada's Prime Minister, said at a background briefing on the report that "what has worked so well for Canada in the past 35 years is not going to work again."

The report deals extensively with the problems of the country's resource-based industries, mainly forestry, mining and fishing, Canada's poor competitiveness in world markets, and the frequently aired controversy surrounding economic and political nationalism.

According to the report evidence heard on relations between the central Government and Canada's ten far-flung provinces reflected "problems not solved, interests not served, priorities not set and opportunities lost for want of a common purpose."

Mr Walter Light, chairman of Northern Telecom, the Canadian telecommunications group, told the Commission that "the economic union (of Canada) has rarely been less united. If we look around Canada today, we see business against government, labour against business, government against labour and, perhaps the most tragic, government against government."

There is considerable scepticism, however, whether the Commission will succeed in producing broadly acceptable and attainable recommendations. While few observers disagree with its analysis of Canada's political and economic dilemmas, critics argue that the Commission—whose budget will reach C$20m—will end up largely as an apologist for current policies.

Missile secrets sale will 'seriously damage' U.S.

BY LOUISE KEHOE IN SAN FRANCISCO

CLASSIFIED U.S. missile defence documents sold to Soviet bloc intelligence agents by Mr James Harper, the self-confessed Silicon Valley spy, will have a long term and serious effect upon U.S. defence according to a senior military and intelligence expert.

Mr Harper pleaded guilty on Monday to charges that he sold 58 documents relating to the U.S. minuteman and MX ballistic missile defence programs to Polish intelligence agents for payments of $250,000.

U.S. defence agencies are still trying to assess the damage to national defence caused by Mr Harper.

"The damage will have an effect upon our country for some time to come, perhaps even into the twenty first century," said Mr Johnn Cunningham, assistant director of technology for the Ballistic Missile Defence program (U.S. Army), in testimony during Mr Harper's court appearance in San Francisco on Monday.

U.S. defence agencies, including the army, have begun an effort to counter the effects of the intelligence leaks, "but with this amount of data, there is really no way we can mitigate the damage to the defence posture of the United States," said Mr Cunningham.

In addition to the missile secrets, Mr Harper is said to have sold to Polish agents the design and manufacturing data for "six to eight" semiconductor chips. According to FBI testimony he delivered data tapes and masks—blueprints—of the "chips" to the Communist agents.

Mr Harper will now strive to compensate for his crimes by co-operating with the Government and giving evidence against others involved in the Silicon Valley spy ring.

WORLD TRADE NEWS

EEC 'threat to Australian beef'

BY COLIN CHAPMAN IN SYDNEY

THE AUSTRALIAN MEAT and Livestock Corporation is seeking Federal Government and international support for action against what it describes as a "devastating EEC threat" to Pacific beef markets.

In a letter to Mr Lionel Bowen, the Deputy Prime Minister, Mr Geoff Jones, Chairman of the Corporation, said that EEC surpluses and their subsidised sale could lead to Australia losing its 200,000 tonne beef trade with the Asian region, valued at A$500m (£322.5m) and constituting 37 per cent of total beef exports.

Mr Jones said that highly subsidised EEC beef had already caused massive distortions in world trade patterns. "Over the years, Australian exporters have been forced to retreat to a depedence on servicing markets almost entirely within the Pacific region because of EEC dumping in Europe, Africa and the Middle East," he said. "The potential for further market loss in the face of expanding EEC beef production is the most serious threat now facing Australia and other producing countries."

The Australian beef industry is already reeling under the shock of discovering that the United States is to get the lion's share of the increase in Japan's import quotas. John Kerin, the Primary Industry Minister, has been in Tokyo for three days trying to secure a better deal for Australia, but has agreed only a further meeting with his Japanese opposite number in a month's time.

But Mr Jones says that the EEC threat dwarfed the problems caused by the Japanese favouring American beef. The Community is already the second largest beef exporter after Australia with exports last year of 575,000 tonnes. Export forecasts for 1984 range from 625,000 tonnes to 800,000 tonnes, which would make the Community the world's largest beef exporting bloc. Urging "strong and immediate counter-action," Mr Jones is asking the Hawke Government to press bilaterally and multilaterally to stop EEC subsidies on beef — including action under the General Agreement on Tariffs and Trade.

Foreign cars fail to regain Italian sales

By James Buxton in Rome

FOREIGN CAR makers failed to regain ground lost in 1983 to domestic car manufacturers in the Italian car market in the first quarter.

Imports took 36 per cent of the market, compared with 36.6 per cent for the whole of 1983, and 40.8 per cent in 1982. Total car sales in the first three months of 1984 were up 8 per cent at 482,000 units.

As usual Renault, with almost 10 per cent of the market, was the best-selling foreign make in the first three months of 1984, followed by Citroen, Ford, Volkswagen and Opel GM, all with just under 4 per cent of the market.

The uncertain position of foreign cars in the Italian market is due mainly to the success of new cars produced by the Fiat group, notably the Fiat Uno, which came out just over a year ago and was voted European Car of the year for 1984, the new Fiat Regatta and cars made by Lancia, also part of Fiat.

Exports of Italian-made cars rose 9.5 per cent in the first two months of this year, to a total of 83,000 vehicles.

Asea wins Vermont power contract

ASEA, the Swedish electrical engineering group, has won a power transmission order from the Vermont electric power company (Velco) in the U.S. worth at least Skr 100m (£865,800), David Brown writes from Stockholm.

The project covers a turnkey high voltage direct current (HV/DC) converter station with equipment including transformers, thyristor valves and capacitors. Because of ongoing negotiations between Velco and Canadian authorities, who will supply the hydropower, neither the exact contract value nor the plant capacity have been released. The capacity is thought to be below 200MW. The plant should be completed by 1986, company spokesmen said.

Asea is currently engaged in three major HV/DC projects outside Sweden: the 6,300 MW Itaipu project in Brazil, the 400 MW upgrading of the Pacific intertie in the U.S. and the 1,600 MW Intermountain project, also in America. The group claims a 50 per cent world market share in HV/DC transmission.

Asea increased pre-tax profits by 55 per cent last year to SKr 2bn on total sales of SKr 30.2bn.

Japan wins £71m Singapore contract

A JAPANESE consortium said it has won a S$212.7m (£71.8m) order to build a 63-storey skyscraper in Singapore, Reuter reports from Tokyo.

Kajima Corporation said the contract is from the overseas Union Bank Group for which it will build a 919 ft high building. Construction will start in August at a site at Raffles Place, central Singapore, and should be complete in two years.

Japan's machinery exports curbed

BY YOKO SHIBATA IN TOKYO

JAPAN'S exports of construction machinery to the UK will be restricted by order of the Ministry of International Trade and Industry (Miti). The Ministry has informed Japan's construction machinery manufacturers that the Government will curb Japan's exports of hydraulic excavators to the UK from July by exercising the floor price system under export and import legislation.

Japan's construction machinery makers have been exerting export pressure since 1982 to cover a fall in sales brought about by the Government's curb on public works.

Friction over hydraulic excavator exports to Britain has become acute since last autumn when the Japanese share of the market jumped to 40 per cent.

The UK construction market is the largest in Europe with demand for hydraulic excavation at about 1,700-2,000 units a year. The British maker, J. C. Bomford was the market leader, followed by Poclain of France and Leibherr of West Germany. Hitachi Construction Machinery was the only Japanese contender. However, the rising presence of giant Japanese makers such at Komatsu (from 1982), Kobe Steel and Mitsubishi Heavy Industries (from 1983) has posed a threat to European makers in a short period of one year.

The Ministry has been urging construction machinery makers to exercise restraint on export prices.

However, the excessively competitive nature of the Japanese construction industry, where undercutting of domestic selling prices by 30-40 per cent is the usual practice, makes it difficult to take joint counter-measures to avoide trade friction. As a result, the Miti has decided to apply the export restraint order by establishing a minimum price for exports.

China places N-deal in Sweden

BY TOM SEALY IN GOTHENBURG

SWEDISH welding specialist ESAB has gained the first orders to be placed with western firms for China's nuclear power programme.

Mr Bengt Eskilson, ESAB president, yesterday confirmed that the People's Republic of China has now placed three orders with his company. The contracts, together worth some SKr 11m (£989,200) are split between two Chinese engineering plants that seem to be destined to become the centre of China's future nuclear engineering industry. The second heavy machinery plant in Deyan, Sichuan province has ordered a welding station consisting of a 100-tonne positioner, a roller bed, a column and boom welding support, a narrow gap welding head and ancillaries.

This equipment is capable of joining and cladding the cylindrical parts and dished end domes of reactor vessels with a diameter of up to 4 m and a material thickness of over 200 mm.

The deal also incorporates ESAB's first-ever joint manufacture and co-operation agreement with the Chinese. They will manufacture some of the major mechanical parts of the positioner, while ESAB will supply the gearbox and the electronic controls.

The third contract is for a roller bed and a smaller column and boom with narrow gap welding equipment for the Harbin boiler works. The Chinese are believed to be planning the construction of three nuclear power stations, each comprising two 350-400 MW reactors.

The winning of these contracts brings ESAB's business with China over the past eight months up to some SKr 40m. In October last year, the company gained a contract worth SKr 5m for a pilot chain welding plant.

This was followed in January this year by a SKr 20m order for the delivery of equipment and know-how for the modernisation and extension of the Shanghai stick welding electrode factory.

Other orders gained include one worth SKr 3m for the Lanzhou petrochemical works and SKr 1m worth of automatic equipment for welding stainless steel tubes.

BAe takes 27% share of A-320

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Aerospace's work on the wings for the proposed new European Airbus A-320 150-seat airliner will amount to 27 per cent of the total effort on the venture.

BAe's responsibility will be to design and build the entire wings for the A-320, including all moving parts except the flaps (which will be made by MBB for installation by BAe). BAe will thus deliver "flyable wings" to the final assembly line in Toulouse.

A work-sharing analysis published by Airbus Industrie shows that the biggest share will go to Aerospatiale of France. That company will be responsible for 36 per cent, covering the front fuselage, flight deck, centre wing box and engine nacelles, while also undertaking final assembly at Toulouse.

Messerschmitt-Bolkow-Blohm, through Deutsche Airbus of West Germany, will have 31 per cent, working on the centre and rear fuselage sections, the tail fin and the flaps, while it will also commercially furnish the aircraft for customers.

Casa of Spain will have 5.6 per cent share, responsible for the horizontal stabiliser at the tail, and the main landing gear doors, while also undertaking some sheet metal structure work on parts of the rear fuselage in association with MBB.

Commenting on the planning for the A-320 Airbus Industrie says that four flight test aircraft, and two complete structures for static and fatigue testing will be built.

The first flight is currently set for March, 1987, with certification in February, 1988.

Airbus Industrie anticipates delivering 30 A-320s during 1988. Curent firm orders amount to 51 aircraft, from five airlines (Air France, Air Inter, British Caledonian, Cyprus Airways and Inex Adria) with options on another 45.

Airbus Idustrie says that extesive use will be made i the A-320 of new and advanced materials, including carbon fibres and aluminium-lithium aloys.

"The A-320 will be the first commercial transort aircraft to have carbon fibre in the rimary structure, providing an 850 kg weight saving as well as considerable benefits to airlines in terms of maintenance and corrosion resistance.

"Aluminium-lithium alloy development programmes are now under way at Aerospatiale, BAe and MBB, as is evaluation of candidate components for AI-11 manufacture," says Airbus Industrie.

• Airbus Industrie is also studying the possibility of developing another Airbus model, the TA-11, a very long-range aircraft with four engines for the 1990s.

Mr Hartmut Mehdorn, a senior vice-president of Airbus, said in Tokyo that the European group was interested in discussing the venture with Japanese companies, which might become risk-sharing partners in such a venture.

Mr Mehdorn said in Tokyo that he hoped Japanese airlines would buy the forthcoming A-320 150-seater in the years ahead. The Japanese market for such an aircraft could amount to as much as 140 through the 1980s and early 1990s, but competition from the existing U.S. Boeing 737-300 and McDonnell Douglas MD-80 series of twin-engined jets is formidable.

The major Japanese aerospace companies already have an agreement with Boeing of the U.S. to collaborate with that company should it decide to develop a new 150-seat jet of its own to compete directly with the A-320.

Exporters find a U.S. initiative less promising than anticipated

Caribbean trade optimism wanes

BY CANUTE JAMES IN KINGSTON

CARIBBEAN countries which have been planning an assault on the U.S. market are being forced to reassess their initially enthusiastic welcome for a trade facility offered by the Reagan Administration.

The so-called Caribbean Basin Initiative which became effective in January, offers 20 countries in the region duty free access to the U.S. for an increased range of exports for the next 12 years. It is an economic arm of President Reagan's Central American and Caribbean policy.

Regional exporters, however, are now concluding that, rather than being a golden opportunity for rapid growth in exports to the U.S., providing significant support for wobbly Caribbean economies, the initiative is likely to be less valuable than they were first led to expect.

It was hoped that the trade facility would halt the recent fall in the value of regional exports to the U.S., down from $10.3bn (£7.2bn) in 1980 to $8bn in 1982.

Caribbean exporters were saying six months ago that in the next three years, the value of the regions exports in the U.S. would leap by 50 per cent to $12bn per year. This appears to have been more than slightly optimistic.

Before the implementation of the Caribbean Basin Initiative, just under 80 per cent of the region's exports to the U.S. entered that country duty free under the Generalised System of Preferences.

With the U.S. Administration omitting several products—textiles, apparel, footwear, leather goods and canned tuna—from duty free entry under the initiative, only another 15 per cent of the region's exports will be entitled to duty free entry.

Trade officials in Washington say this will increase the value of regional exports to the U.S. by $1.2bn a year. If the duty free incentives stimulate a doubling of this, the best that Caribbean exporters can expect is an increase in earnings to about $9.5bn per year.

This has effectively destroyed the basis of arguments which the U.S. labour movement used to attack the initiative. U.S. unions said that the trade facility would flood the market with cheap Caribbean imports and damage industry and jobs.

Caribbean exports to the U.S. have accounted for just under 0.5 per cent of all U.S. imports.

Even with the incentive of the Caribbean initiative, say the trade officials, the region's share of the U.S. market is unlikely to be more than 1 per cent of total imports.

The enthusiasm of the region's exporters has also been dented by small problems which were not anticipated. To qualify for duty-free entry under the initiative, regional exports must contain at least 25 per cent local added value.

There is also concern in the region that a flood of investment which was anticipated may not materialise.

Of the three original parts of the initiative, the U.S. Congress approved two—$350m in balance of payments support for some Caribbean countries, and the 12-year duty holiday.

Congressmen, however, baulked at the third component—tax credits of about 10 per cent to U.S. companies which invested in the region. Caribbean governments agreed with Congressmen that the duty-free opportunities were incentive enough.

With a few exceptions, however, most of the beneficiary countries lack the basic infrastructure to attract and sustain even light industries.

In Antigua, for example, industry contributes 7.6 per cent of the country's gross domestic product. Neighbouring Dominica is worse off with industry's contribution being 0.6 per cent to the GDP.

The larger countries of the region are marginally better. Manufacturing contributes 18.8 per cent of the Dominican Republic's GDP, 16 per cent to Haiti's and 6.6 per cent to Jamaica's.

Despite this, the advocates of the initiative point to signs of increasing business interest in the region which, they say, has been prompted by the trade facility's 12 year duty holiday.

"Some Far Eastern companies are actively investigating the possibility of setting up in the Caribbean to serve the American market," said Mr Robert Jordan, public affairs director of the U.S. Overseas Private Investment Corporation.

"They have a better labour differential there and they are closer to the U.S."

This interest from the Far East is reflected in recent Hong Kong business involvement in countries such as Jamaica and Barbados.

TECHNOLOGY

EDITED BY ALAN CANE

HUMAN GROWTH HORMONE HOLDS THE KEY TO GENETIC COMPANY'S FUTURE

Why Genentech wants to grow up

BY STEPHANIE YANCHINSKI

STUNTED CHILDREN hold the key to the rapid growth of one of biotechnology's foremost companies, and its success or failure could foreshadow the future for all these young firms.

Robert Swanson, chairman of Genentech, one of the oldest of the new generation of gene-splicing firms, recently revealed plans to become a fully-fledged pharmaceutical company. These largely depend on a clever marketing strategy, and its first product, human growth hormone, succeeding.

Three other major products are in the pipeline, but Genentech's growth promoter Protropin, which corrects dwarfism in children, will prove whether the company's U.S.$20m investment in a multiproduct manufacturing plant was justified.

If Genentech fails to turn itself into a product manufacturer, and thus earn the size of revenues it needs to launch its other products and remain independent, it could dim the prospects of other such research holding companies. It could shake investors' confidence at a particularly delicate time, when many need extra cash for product testing and development, drying up their lines of credit, and leaving them easy prey for the multinational takeovers.

Genentech plans to sidestep fate by keeping its lead in technology and being first on the market

Genentech plans to sidestep that fate by keeping its acknowledged lead in the technology, and so being first on the market with its advanced line of genetically engineered products.

Swanson says "To be marketed under the Genentech label a product must fill a unique therapeutic niche and be able to move quickly onto the market." This strategy allows Swanson to predict that within four years "our income will be in the hundreds of millions of dollars."

The company was established in 1978 solely to exploit genetic engineering, and it managed to stay at the forefront of genetic engineering research, despite the determined challenge of 200 or so biotechnology companies which followed along in its wake.

In the early days it set about attracting the best scientists with a lively intellectual atmosphere not unlike the academic hothouses from which they had come, excellent facilities, and not least a valuable share option scheme. Today, Swanson admits he faces a problem keeping his scientists "excited" which can only get worse as Genentech prospers and grows. "Good science is the essence of these small companies," Swanson says, and "we won't be successful unless we can do both."

Genetic engineering is all about manipulating genes, which are short segments of DNA, the chemical which carries the master plan of its life in every living cell. Genetic engineering allows scientists to isolate a human gene, for example, splice it into the DNA of a micro organism in such a way that the organism follows the gene's instructions for making a desired protein. When the organism reproduces, it passes on these instructions to its offspring, which also make the protein.

In this way bacteria and yeasts are turned into hard-working miniature factories for making large quantities of very scarce substances such as growth hormones or human insulin. Grown in vast vats and fed mainly on cheap feedstocks such as glucose, microorganisms can be very productive. If the conditions are right, they divide every 20 to 30 minutes, and work 24 hours a day.

However, turning bench top experiments into a pharmaceutical product whose quality can be guaranteed has bedevilled even Genentech. Genetically engineered bacteria proved finicky in their eating habits, and harder to grow than expected. At first they were prone to reverting back to the "wild" type of bacteria, and losing their valuable load of engineered genes. Then too, the protein also had to be biologically active, and able to do its job in the body. This activity generally resided in sugar molecules attached to the proteins, something many bacteria cannot do.

After fermentation there remained the problem of removing minute amounts of very fragile protein from a vast quantity of porridgy broth pouring out of the fermenter, and in sufficient quantities to make the process economic. Purifying the product to a sufficient standard to satisfy the regulatory authorities posed special difficulties. The product might contain toxins released by the dying bacteria, or perhaps fragments of microbes which would cause an immune reaction if injected frequently into the human body.

Human growth hormone is a naturally occurring human protein produced by the pea-sized pituitary gland at the base of the brain. Its primary role is to promote normal growth of bones and tissues. The American Human Growth Hormone Foundation estimates that there are between 10,000 and 15,000 children in the U.S. with growth hormone deficiency and many more which may be growing slower than their potential.

However, controversy surrounds some of the applications of human growth hormone which could slow up its approval. Some experts believe its use in treating the second group of short children could trigger off uncontrolled growth or gigantism. A more serious concern involves the misuse of human growth hormone for pushing normal children to grow taller, or for improving athletic performance and in body building. Genentech warns that "there is no evidence that one's ultimate height can be increased beyond one's genetic potential," and no published data on the safety or effectiveness of HGH for adding muscle and strength to athletes.

At the moment human growth hormone is prepared from human cadavers, and it takes 30 pituitaries to produce enough growth hormone to treat one child for one year. Consequently, there is only enough in the U.S. to treat about 2,500 children. Genentech expects to supply the world market for HGH with its process, which involves producing human growth hormone in a bacterium Escherichia coli.

Genetically engineered bacteria proved finicky in their eating habits, and harder to grow than expected

Genentech has targeted seven other genetically engineered products for intensive development, all designed to fill gaps left by conventional drug therapy. The furthest along is tissue plasminogen activator, a blood clot dissolving agent which will be of great use in stopping heart attacks, and gamma interferon which works by enhancing the body's own defences against viral infections and even cancer. Monsanto holds the marketing rights to bovine growth hormone, which holds promise for treating disease among cattle during shipping. Shirley Liu Clayton, Genentech's treasurer, estimates that each of these priority products could sell over $100m a year. "By 1986 we expect all these products out into the market," Swanson says.

AN INNOVATIVE marketing strategy holds the other key to Genentech's survival against its heavyweight competitors. Swanson says "We don't plan to go up against entrenched products with a big advertising campaign." Rather, the idea is to keep marketing and promotional costs down by selling a range of products directly to the medical specialists highly tailored to their needs. Of the 440,000 doctors practising in the U.S., Genentech's customers will most likely be drawn from the 9,100 certified specialists in hormone disorders, heart, or cancer.

Swanson believes that these can be easily serviced by the company's own small sales force.

Small companies such as Genentech face other problems in reaching wider markets without stretching resources too thinly. Genentech chose to set up a variety of partnerships with big corporations, either to diversify into other products or compete internationally. For example, HP Genenchem, a collaboration with Hewlett Packard will develop instrumentation for use in biotechnology.

Travenol-Genentech is a joint venture finalised last December with Baxter Travenol, which will bring an extra $20m into clinical diagnostics. There are joint agreements with European or Japanese companies to market Genentech's products outside the U.S. Genentech found it advantageous to let Eli Lilly, and Hoffmann La-Roche take over the marketing of human insulin, and certain interferons.

This cautious approach to expansion carefully husbands Genentech's financial resources, which its recently published annual report shows are considerable. The company has $43m cash in the bank, and negotiated credit of $25m. Genentech's earned revenue increased from $32.6m in 1982, to $47m in 1983, with net revenue doubling to $1.1m.

However, over 90 per cent of its income still comes from product licensing agreements and research and development contracts. Although Genentech is assured $100m in research contracts these depend on reaching certain "benchmarks." Meanwhile research and development costs continue to spiral from $26m in 1982 to over $36.5m a year later.

Office automation

Wang links images and text

THE INTEGRATION of images and text in an office information system has been rare. Wang says that it has become the first major office automation company to achieve this with its new PIC personal computer, launched yesterday.

PIC has a desk-top scanner to digitise images from a sheet of paper. Pictures, handwriten notes, drawings as well as text can be handled.

The new computer is based on Wang's existing personal computer and is compatible with the company's VS, Alliance, Office Information System (OIS) and PC product lines.

The personal computer can be upgraded to the PIC. To do so it needs 512Kbytes of memory, an image monitor, new keyboard, 10Mbyte Winchester disk and relevent electronic circuitry.

Along with the hardware comes several computer programs to scan images and create them. Image processing can scan and organise documents in "paper" form. Documents can be edited, printed, deleted while images can be enlarged, showing in landscape, portrait or viewed positive or negative. Word processing, database and notebook software can all be run on the machine.

The PIC comes in three basic configurations. The 1005 is a multifunction workstation to be used with the Wang's OIS, Alliance and VS systems. It does not have a scanner but can share picture files created by another UIC. It costs £10,525.

Going up market at £13,000 is the PIC 100B. It is a complete system for image editing, review and digitising. At the top end costing £23,000 is a system of two computers which can communicate.

Other announcements made yesterday included a new range of workstations for the VS and OIS systems. The 4200 series is lower priced than its precessors. Visi on software developed by VisiCorp can also be run on the Wang Personal Computer and Wang can now emulate an IBM terminal.

ELAINE WILLIAMS

Retailing

Pilot tests at point of sale

INTERNATIONAL COMPUTERS is to supply J. Sainsbury with computing and point-of-sale equipment worth in excess of £5m.

Part of the order is for a pilot point-of-sale scheme at a store in Wimbledon involving 22 check-out lanes with laser scanning.

The bulk of the order, however, is for networking minicomputers destined for several Sainsbury stores. The latest order brings the total of these ICL System 25 installations at Sainsbury's to 200. The company believes it is now in an excellent position to win complete laser scanning check out business with the food chain and subsequently with other retailers.

But both IBM and Sweda are running similar trial installations and a decision from Sainsbury's is expected during this year.

The system 25 allows a number of tasks to be performed at the same time, ranging from price look-up to the production of management reports. The stores can exchange data with a headquarters computer. System 25 is also equipped for electronic funds transfer by which customer's bank accounts at some time in the future will be directly debited at the point of sale.

ICL has been developing the check out station, called Supermarket 20, for two years, with consultation with retailers. It uses a Japanese laser scanner so that the sales assistant simply passes the goods over a unit in the counter-top which can read a bar code (a series of ladder-like lines) on the wrapping. The computer can then look up the current price and produce purchase displays for the customer and a sales ticket.

Widespread use has been held back while food manufacturers progress the printing of the codes on their products. Some 80 per cent of products are now coded and ICL expects the point of sale scanning market to increase rapidly.

Heat and Power

Government projects

THE GOVERNMENT is to fund three heat and power experiments in the UK. A total of £750,000 will be provided to part-fund the pilot projects.

Combined heat and power is used to provide district heating. It is achieved by slightly reducing the electricity output from a power station so that heat can be distributed to homes.

The Department of Energy is anxious to encourage the formation of local consortia in major towns to produce proposals for the schemes. Interested parties should submit their ideas to the Energy Efficiency Office by the end of July.

Grants for industrial heat and power schemes are already available from this body. Up to £10,000 can be obtained.

Software

Financial programs

S-COM Computer System Engineers of Aylesbury has won a contract for the development of communications software for the Stock Exchange which will run on the IBM personal computer.

This will allow brokers to have access, via an initial 450 terminals, to the computerised settlement of transactions tions in gilt edged securities, a project under joint development by the Stock Exchange and the Bank of England.

The software is being developed in collaboration with Software Forge. More information on 0296 32023.

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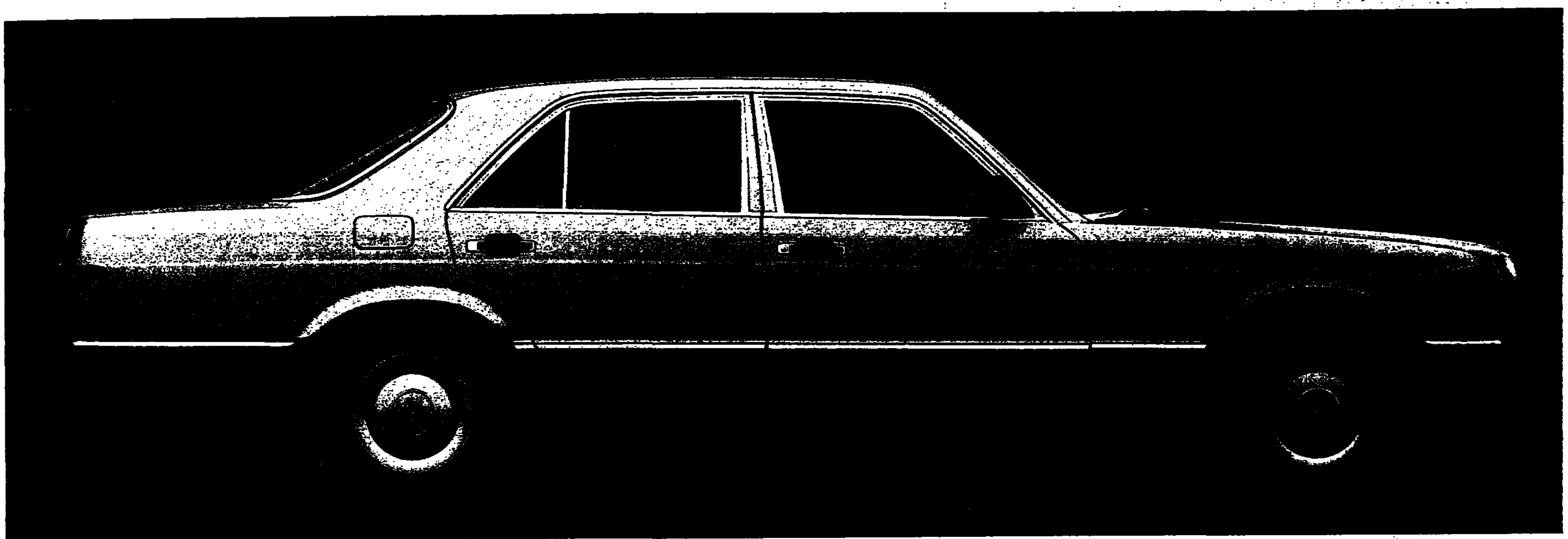

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Mercedes-Benz

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APPOINTMENTS

English China Clays post

Mr F. Hitchins has retired as finance director of ENGLISH CHINA CLAYS, but remains on the board as a non-executive director. Mr R. W. Carlton-Porter, who was appointed to the board as finance director designate in September 1983, has now been appointed finance director

★

PHONE CENTRE NATIONAL has appointed Mr Philip Keeler as chief executive of its Protel division. He was a director of a Surrey-based public relations consultancy.

★

Mr Ronnie Kells, head of branch banking at ULSTER BANK, has been appointed a director.

Mr Ronnie Kells, a director of Ulster Bank

★

MARCONI COMMUNICATION SYSTEMS has made the following appointments: Mr John Nicholson, defence divisional manager, becomes general manager with responsibility for business and central functions and also deputises for the managing director. Mr Brian Smith, director of export sales, is the new marketing director with responsibility for export sales and general marketing policy. Mr Graham J. Williams, formerly in various management positions in the GEC group of companies, is appointed production director. Mr Bob Nice, defence marketing manager, heads a new group entitled radio systems division which has been formed by combining defence communications with the radio section of the original radio and line division. Mr Gary Head takes over as manager of line division which will be responsible for the line and computer services unit activities.

★

VFP FLUID POWER (formerly Vickers Fluid Power) has made the following changes to its board: Mr John Davis is appointed managing director; Mr Philip White, sales and marketing director and Mr Robert Verguson becomes chairman (non-executive). Mr Davis was general manager of a division of Redpath Dorman Long.

★

Mr Fred Pertins has been appointed vice president, international marketing, of I. P. Sharp Associates. He was previously head of European operations. In his new role he will divide his time between Toronto, I. P. Sharp's international headquarters, and its European headquarters in London.

★

J. H. MINET AND CO has appointed Mr R. J. Carlier as managing director of its North American treaty division.

★

Mr Patrick Brosnan has been appointed group finance director of ABBEY. He has been a main board director for the past five years. Mr Martin W. Hill has been appointed to the board. He is managing director of Abbey Homesteads (Developments) the UK housing company.

★

Following his retirement from C. E. HEATH, Mr F. R. D. Holland continues as a director in a non-executive capacity.

★

NEEPSEND has appointed Mr Peter W. Barker to the board as a non-executive director from May 1. He is chairman and chief executive of J. H. Fenner (Holdings).

★

Mr A. H. Howden has been appointed managing director of WEIR GROUP MANAGEMENT SYSTEMS and Mr T. W. Mill has been appointed sales director. Mr Howden has been general manager for four years. Mr Mill was management services manager.

★

Mr Antony Carr has been elected president for 1984/5 of the NATIONAL ASSOCIATION OF SCAFFOLDING CONTRACTORS. Mr Carr is a director of BET Access and BET Plant Services, both subsidiary companies of British Electric Traction.

★

Mr Knut Nygaard has been appointed financial director of the MANCHESTER STEEL GROUP. He was assistant vice-president and controller at Elkem a/s in Oslo, the parent company. In addition to his work for the Manchester and Bidston steel plants, Mr Nygaard will have financial responsibility for UK-based Elkem Alloys, Elkem Chemicals and Nornef Minerals.

★

BALTAIRCO has appointed Mr Frank Smith a director. He has been associated with BAC for over 10 years as the director of its previous southern representative organisation.

★

Mr P. H. Beaufrere, Mr K. A. J. Crawford, Mr J. B. Lake, Mr L. Maddy, Mr J. M. L. Ottley, Mr S. H. Wamsley and Mr I. S. White will become partners of W. GREENWELL AND CO, stockbrokers, on May 12.

★

Mr A. J. N. Fowler, Mr J. A. Mackenzie and Mr A. M. Milroy have been appointed to the board of SHANKS AND McEWAN GROUP.

★

Mr Jeremy F. van den Arend has been appointed director of pensions, REED INTERNATIONAL in succession to Mr K. G. Smith, who has retired. He rejoined Reed in 1978 as personnel director of IPC, a position he held until October 1982 when he became responsible for the personnel policies in the Reed Publishing operating group.

★

GODSELL (DEPOSITS) has appointed Mr D. B. Buik as its managing director following the resignation of Mr J. N. G. Moreton. Mr P. K. Wright has been made financial director. At Godsell Holdings, Mr D. B. Buik, Mr P. J. Edge, Mr C. G. Draper and Mr D. C. Hallums have become directors. Mr P. K. Wright is appointed secretary.

CONTRACTS

Racal wins £11m defence order

A contract, worth over £11m to supply the Royal Navy with MIR-2 Airborne Electronic Support Measures (ESM), has been won by RACAL RADAR DEFENCE SYSTEMS. MIR-2 will be fitted to the Lynx and Sea King anti-submarine warfare (ASW) helicopters. The system is designed to provide aircraft with a way of locating, identifying and engaging vessels while remaining clear of their self-defence weapons envelope.

★

VENTRON TECHNOLOGY has awarded a contract to build a £5m speciality oils manufacturing facility at Old Kilpatrick on the Clyde, for J. O. Buchanan & Co. The contract covers all chemical engineering, design, construction management and project services for the plant. Work on pilot plants for the processing unit was completed by Ventron in June and the company has now been given the go ahead to complete the "front end design" of the main project. Site work will begin in six months.

★

FLUIDISED COMBUSTION CONTRACTORS (FCCL), a member of the Babcock Power group, has received orders worth more than £1m from British Sugar to supply coal fired hot gas generators for drying sugar beet pulp at two of its factories. One of the largest units of its type in the world will be installed at Bury St. Edmunds to replace the existing oil-fired facility. Rated at 145m Btu/hour (42.5 Mw thermal), the fluidised bed furnace is designed to combust 1.5 Kg/sec (11,900 lb/hour) or "singles" coal provided by British collieries. A second unit designed to deliver 120m Btu/hour (35.2 Mw thermal) of hot gas will be used to dry sugar beet pulp at the Newark factory which has a throughput of some 60,000 tonnes per season.

★

Building services engineering orders worth nearly £4m have been awarded to ROSSER & RUSSELL, part of Grandmet International Services. The largest contract in the batch is worth £400,000 for work at Comet House, Heathrow Airport. The BBC has awarded contracts totalling £326,000 for work at Lime Grove and Bush House. Other work includes: a £300,000 contract at the satellite ground terminal, Gibraltar, from the Property Services Agency; modernising the heating system at RAF Feltwell, Norfolk, under a £100,000 order; installing air conditioning duct work and pipe work at Mardon Son & Hall, printers, Bristol, for £280,000; and heating services for engine sheds at Bletchley, near Milton Keynes, under a £90,000 contract for British Rail.

★

GRATTE BARRETT & WRIGHT (GBW) has been awarded a contract approaching £1m, by Countryside Properties, for the design and installation of mechanical, electrical and plumbing services at Hook Rise, Surbiton. The office and production unit development has been let to Plessey Radar and its requirements have been incorporated.

★

The National Air Traffic Services are planning to replace 22 instrument landing systems at 12 UK airports. The authority found that no UK-designed equipment was available. A contract has been awarded to THOMSON-CSF of France, which has the equipment in production, for an initial five systems worth about £1.4m. At least 20 per cent of this figure will be for equipment produced in the UK by British companies. The contract also provides for the UK-produced items to be offered to future Thomson-CSF customers, not only for ILS but also for other navigational aids. Additional systems worth up to about £4.5m may be ordered if the initial five systems satisfy the authority's long-term reliability requirements. In this second phase the UK content will increase to over 30 per cent. The five sites selected for these trials will be Heathrow, Stansted, Dunsfold, the College of Telecommunications Engineering at Bletchley and the Telecommunications Engineering Establishment, Gatwick.

ENERGY REVIEW

Maurice Samuelson looks at UK electricity policy

Few sparks from private industry

IF BRITAIN'S miners' strike fades away before the country's *lamp bulbs, the state-owned* electricity authorities will deserve the gratitude of the Government.

It is ironic then that Mrs Thatcher's Government is encouraging the first steps in exposing the electricity industry to private competition by ending its statutory monopoly.

The 1983 Energy Act, which reached the Statute Book just before last summer's General Election, makes it legal for the first time since 1919 for private persons or companies to produce electricity as their primary *business activity.*

Compared with the controversial disposal of other state assets, such as telecommunications, Amersham International, shares in British Petroleum, or parts of the gas industry, the *Energy Act has produced hardly* a ripple. With electricity demand at a low ebb, private industry has far better ways of spending its money than on new power stations, even if it could afford such mammoth projects *with their notoriously long lead* times.

The Energy Act has therefore tended to be regarded as merely a token gesture towards privatisation of the electricity industry and a pre-election sop to *the Government's supporters.*

It has also been belittled as a sickly child of uncertain parentage—although born when when Mr Nigel Lawson was Energy Secretary, the pleasure of nursing it belongs to his successor, Mr Peter Walker, who is distinctly cautious about privatising the power utilities.

Nevertheless, the Act is not a dead letter. Whitehall officials assert that it was never expected to have a major immediate impact and that it was simply enabling legislation, whose effects would become apparent over the years.

It has, however, had tangible results at a number of levels and is the subject of lively debate among interested parties about whether it does enough to encourage private power station operators.

Under its main provisions, Electricity Boards, when *approached by a would-be* private generator or supplier of electricty, must make three offers:

- to supply electricity *to* his premises;
- to purchase electricity *from* him;
- to permit him to use the public transmission lines.

Boards also have to publish the tariffs they would pay for electricity from private companies, as opposed to the tariffs they pay for their bulk supplies from the Central Electricity Generating Board and its Scottish counterpart.

There is also a charge for *using the grid.*

In what has been called the Act's "Dr Barnardo's clause," boards are also obliged to "adopt and support" schemes for the combined production of heat and electricity (CHP). In *such schemes,* the *steam from* turbines is used to heat buildings or other installations instead of being wasted, as in most publicly run power stations.

With nobody rushing to build a *major* private power station, the most spectacular outcome of the Act has been the plan by Taylor Woodrow, the civil engineering group, to operate redundant CEGB power stations more cheaply than their former *owners.*

The group is looking at smaller power stations, containing generating sets of up to 60 MW, which the CEGB has been discarding in favour of bigger stations such as Drax, in Yorkshire, each of whose units produces 600 MW.

Together with Balfour Beatty, which *specialises in power* station design and construction, it is considering the takeover of the coal-fired 225 MW plant at Carmarthen Bay, West Wales, and the slightly smaller plant at Plymouth (which would be *converted back to coal from* oil).

Both are in districts where electricity supplies are somewhat tightly stretched.

After an initial burst of euphoria, Taylor Woodrow *now admits that the project is* more complex than it first appeared. It says the cost of refurbishing the plants has proved far higher than originally expected and *it* would therefore need a long-term contract based on the tariffs which Area Boards pay for bulk supplies from the CEGB.

With the feasibility studies due to be completed in the next two *months,* the company still does not know *whether* its interest will last beyond the summer. If either scheme succeeds, however, it will carry out further studies among the long list *of* other 60 MW gen*erating units discarded* by the CEGB.

Meanwhile, the Act is focusing more practical attention on CHP. This is already well established in Britain among heavy industrial companies, *which sell surplus electricity* into the national grid.

In 1982, 18 per cent of total electricity used by industry was produced in this way, accounting for 6.2 per cent of all the electricity generated in Britain. Three-quarters of the privately generated power was consumed in the generators' own premises, with the rest being *sold to the* supply industry.

In recent years, industrial CHP has been falling. This is partly a result of the contraction in manufacturing industry. But it is also due to successful *energy conservation measures,* which have reduced the demand for steam.

Without a market for the steam, however, there was little commercial attraction in selling power to the grid, since Electricity Boards paid *only* a nominal price for it—less than 1p per Kw compared with the average 3.5p per unit which heavy industry had to pay to buy power from the public system.

In the absence of the published "buy back" tariffs, introduced by the new Act, negotiating a price with the local authorities was something of a black art. The development of a *CHP scheme* generally depended on the goodwill of the local electricity board chairman, which tended to vary from area to area.

The new buy-back tariffs, first published last October, now work out at about 15 per cent below the bulk supply tariffs at which area boards purchase power *from* the CEGB. This income, combined with the value of the private generator's home-made heat, makes CHP an increasingly attractive option.

Since the tariffs were published, there has been no rush *of CHP* applicants to area boards. Nevertheless, there are reported to be about 50 industrial companies considering CHP plants with outputs ranging from 1 MW to about 8 MW.

Generally, though, opinions *differ sharply* over the degree of commitment which the electricity industry is showing to the Energy Act. Associated Heat Services, a private contractor which operates clients' heating plants on 2,000 sites *throughout the country, says it* is reasonably satisfied both with the Act and the response of the electricity industry.

Mr Alan Tweedale, its managing director, says the buy-back tariffs are reasonable and *properly reflect* the costs involved for the purchaser.

His enthusiasm is not fully shared by Mr William Orchard, a consulting engineer, who has long claimed that Britain should heat whole cities by CHP, *as is the practice in parts* of Scandinavia and Continental Europe.

While generally welcoming the Energy Act, Mr Orchard—who is chairman of the Combined Heat and Power Associa*tion—complains that in addi*tion to publishing buy-back tariffs, the boards should also have stated the commercial assumptions on which they are based, as the Act itself proposed. "Otherwise, we cannot see *if they are fair or unfair."*

The acid test sought by Mr Orchard is whether area boards will assist CHP schemes by seeking a market for the heat and investing in heat grids to distribute it.

The Electricity Council, for its part, says that it is the fault of consumers that there are not more CHP *schemes.*

The implication is that if there is no great rush to exploit the Energy Act, this shows that the electricity industry is so efficient that private generators fear to take it on. But these *are early days.*

Mr Nigel Lawson (left) and his successor as Energy Secretary, Mr Peter Walker

Economists' Conference

Much gassing over Sleipner

THE ORGANISERS of last week's sixth annual conference of the International Association of Energy Economists showed considerable prescience in choosing "European Gas" as a main theme of one of the most important energy conferences of the calendar.

For in the run up to the meeting, held at Churchill College, Cambridge, the question of whether the UK should buy £20bn worth of gas from Norway's Sleipner field has become the most contentious energy issue in Europe.

The word "Sleipner" was *hissed up and down the college* corridors throughout the three-day assembly, as if the straits of Hormuz, the Gulf, Opec et al, had never existed.

The occasion produced some heated discussions between the *Norwegians and the British*—and the Dutch, whose involvement in the issue stems from a UK Department of Energy move last February, when it instructed the British Gas Corporation to negotiate an alternative supply *deal with the Netherlands.* However, British Gas rejected the Dutch gas as too expensive.

Who should come bounding onto the rostrum on day-one of the conference but Dr Gees Van Ardenne, the Netherlands Vice Premier, with a speech *extolling* the virtues of Dutch gas. He described remarks that Dutch gas was overpriced as "astonishing."

After that hard sell, the appearance of Mr James Allcock, British Gas's director of petroleum purchasing, promised to generate fireworks. But *the wily Mr Allcock used his* position as chairman of the debate on West European Gas *to say nothing at all.* As he said at the time: "The best place to be during a war is in a bomb crater."

If there were a United States of Europe, the likely supply system would be a gas grid *leading from Norway to the UK,* with Britain itself linked to the Continent. If such a supply system were to develop, then a paper delivered at the conference by Mr Ove Sviden, the Volvo group's energy adviser might appear less far fetched.

Mr Sviden's idea is that when all the gas in the European grid is depleted, the remaining superstructure of platforms dotted up and *down* the North Sea *could be converted into* nuclear power stations, which would generate substitute natural gas or hydrogen.

No conference of the IAEE would be complete without debates on the future price of oil. The heavy-weight bout of the meeting was between Hermann Franssen, *chief economist of the* International Energy Agency and Professor Peter Odell of Rotterdam's Erasmus University. Professor Odell described Franssen's prognostications of a rising oil price as "a serious misunderstanding of oil demand. . . which would cause serious problems if followed by *governments."*

Professor Odell believes that "the prices in 1990 (in 1984 dollars) of a barrel of oil and a cubic metre of gas seem highly likely to be significantly below those of April 1984."

However, Mr Timothy Nulty, chief economist of the U.S. House of Representatives Energy and Commerce Committee, argued that it was impossible to predict with any conviction either a future glut or a *future shortage. What mattered,* said Mr Nulty, was the costs of being wrong. He feared that the U.S. Administration would follow the policies of a Professor Odell, but could encounter the events predicted by Hermann Franssen.

As at the previous IAEE conference, participants were given a questionnaire by the British Institute of Energy Economists designed to tap the views of the world's top energy economists on the future of world energy.

There were only 46 responses to the 250 questionnaires *handed out, which could* be construed either as modesty or an overwhelming "don't know."

About two-thirds of the respondents believed that oil prices would not rise much above $32 or below $28 per barrel over the rest of the decade. Only two believed that the price would move outside the *$24-$35 range over the next* six years.

As regards gas, 65 per cent believed that by the end of the decade prices would have weakened against those for crude. However, the remainder believed the reverse—that the gas price would strengthen against that of oil by 1990. As the saying goes, when one or more economists are gathered together, there is an argument.

Dominic Lawson

Heathrow travellers may face head tax

By Michael Donne, Aerospace Correspondent

THE Department of Transport is considering imposing a tax on domestic air travellers using Heathrow in an attempt to limit traffic at the London airport.

This spring, the department may issue a consultation document to airlines, the British Airports Authority and other interested parties seeking their views on how to cope with the increasing numbers of aircraft and passengers using the airport.

Traffic at Heathrow is close to saturation with nearly 27m passengers and 263,000 aircraft movements annually. When Terminal Four, now under construction, becomes operational in late 1985 airport capacity wil be raised by 8m passengers and several thousand aircraft a year.

The Government has already said that when Terminal Four becomes operational it will impose a ceiling of 275,000 aircraft movements a year.

This maximum is likely to be reached if not exceeded this year, with some 277,000 to 287,000 movements, pushing the passenger total to 30m. On present airline planning, aircraft movements could reach 300,000 next year even before Terminal Four becomes available.

This would cause saturation not only of the runways but of the terminals, roads and other facilities.

The Airline Scheduling Committee, representing the airlines using Heathrow, has warned the Government that something must be done—and soon—if there is not to be a crisis at Heathrow even before Terminal Four becomes available.

With a limit of 275,000 aircraft movements a year, the possibility of developing a fifth terminal is out of the question. The only way such a terminal could be accommodated would be breaching the limit.

One of the causes of the problem has been the increasing number of domestic passengers, caused by competition on internal services.

Many of these passengers are carried on small aircraft, seating 30 to 40. Each aircraft has the same requirements for air traffic control, landing and parking as a 450-seater jet.

Past efforts to pursuade airlines to move to Gatwick and Stanstead have not been successful. The only alternative now seems to be to consider punitive measures.

This would meet with opposition especially from the airlines and air transport users' bodies.

One possibility, which has been considered but may not appear in a consultation paper, is for a head tax on domestic passengers, to discourage them from using Heathrow if they are not connecting to international flights.

The head tax might take the form of a levy of a few pounds on each passenger. The airlines and the Airports Authority would be bound to disapprove

Other possibilities include allocating landing, take-off and parking slots at Heathrow at busy periods.

BNOC reports pre-tax profits of £800,000

BY DOMINIC LAWSON

BRITISH National Oil Corporation's 128 employees last year were each responsible on average for turnover of £61.8m on the basis of BNOC's annual results released yesterday.

The company announced pre-tax profits of £800,000 on turnover of more than £7.9bn.

It was the first full year in which the state oil purchaser and trader operated as a separate entity after the hive-off of its production arm in the form of Britoil.

There are no direct financial comparisons with 1982's report but BNOC pointed out that its average monthly turnover for 1983 was more 4 per cent greater than the average for the last five months of 1982.

In the first quarter of 1983, with world crude oil and product markets in disarray, BNOC is believed to have run up losses of several millions of pounds on its crude oil trading.

The company said it recovered to make a gross profit of £2.6m compared with the £3.8m gross earned in the last five months of 1982. After the first quarter BNOC also operated more profitably than it did during 1982.

Last year the corporation marketed 1.3m barrels of crude a day, a 10 per cent increase over the previous year. This represented 56 per cent of total UK North Sea production.

Most of BNOC's crude purchases are purely paper transactions, being immediately sold back to the producers at the same price. So BNOC's capacity to make profits is limited.

BNOC has failed to meet the government financial target of a £1m surplus for the fiscal year 1983-84. It said that it would have met the target but for the unforeseen fact that it would be leasing new office premises.

The corporation said it had every intention of meeting the financial target set by the Government of a net surplus pre-tax of £10m in aggregate over the four years 1983 to 1986.

BP reinstates rig contract with British Shipbuilders

BRITISH PETROLEUM has reinstated its contract with British Shipbuilders for a semi-submersible drilling rig. It cancelled the order in February when work was a year behind schedule at the Scott Lithgow yard on the Lower Clyde. Mark Meredith writes.

The work will be completed for BS by the new private consortium of Trafalgar House, the shipping and property group, and Howard Doris, the Anglo-French construction company which took over Scott Lithgow from BS at the end of March.

BP said the new delivery date would be July 31. The original date for completion was February 1983.

The rig is 95 per cent complete and in the final stages of outfitting at Scott Lithgow.

After BP's cancellation, BS said it would complete the rig and sell it on the open market. But contacts between BP and BS resumed after the successful takeover by Trafalgar House and Howard Doris and by the consortium's successful talks with Britoil over completion of another semi-submersible order which had also been cancelled.

BP would not reveal what financial compensation would be paid for the late delivery of the rig which will cost about £80m.

Small business encouragement urged

INDUSTRIAL POLICY should aim at encouraging small and innovative business, allowing heavy industry and large-scale manufacturing to move to developing countries, according to a report published today by the Adam Smith Institute, writes **John Lloyd.**

The institute, a free-market "think-tank," says the global movement of heavy industry from the developed to the developing world is the "source of the major industrial dislocation" which the UK and its neighbours are facing. Attempts to counteract the trend are doomed to fail in the long term.

The report says a more effective industrial policy would seek to create conditions for innovation by deregulation and the removal of entry barriers.

Industry Policy: Adam Smith Institute, PO Box 316, London, SW1P 3DJ.

Kingsnorth Bank notifies depositors of liquidation

DEPOSITORS in Kingsnorth Bank, which operated from Douglas, Isle of Man, from September 1979 until last September, when operations were transferred to Kingsnorth International based in Anguilla, have been told that the bank is going into voluntary liquidation.

A statement issued on behalf of Kingsnorth International said that creditors, including depositors, can expect to be paid in full.

The Manx Government said the banking licence granted to Kingsnorth was surrendered when the transfer was made.

Depositors had made inquiries to the island's Finance Supervision Commission, but as there had been no further contact with them it was assumed that they were satisfied with the information they received from the bank, which kept its Douglas office operating.

Kingsnorth Bank claimed in its advertising to have assets of £30m, although it is thought that the volume of deposits may recently have been nearer £20m.

Much of this money was raised in Northern Ireland, and some in the Isle of Man. The bank also advertised extensively in financial publications aimed at expatriates, so its deposits base may have been quite widely spread geographically.

Until last year Kingsnorth traded with an Isle of Man banking licence, but the management appears to have grown increasingly concerned at the progressive tightening of banking supervision on the island.

The Manx Government has imposed more formal controls on balance sheet structures and on loans to companies connected to directors of banks.

Before leaving the Isle of Man early last September the bank filed a final return relating to its financial condition at the end of July. It also made a formal declaration of its solvency at that time.

Since then Kingsnorth International has been operating outside the jurisdiction either of the Manx authorities or the Bank of England.

Cavalier Insurance assets may total £1.4m

By Eric Short

CAVALIER Insurance Company, which was put into liquidation on February 2, has liabilities estimated at around £1.6m and total possible assets just short of £1.48m, Mr James Pope, the Official Receiver, told creditors at their first meeting in London yesterday.

However, Mr Pope said that £950,000 of those assets depended on the outcome of litigation taken by him against certain persons connected with Cavalier.

There were about 116,000 creditors of the company, of whom 110,000 held extended warranty insurance contracts with liabilities up to £1.1m. A further 5,500 creditors held material damage policies with liabilities of £285,000.

Cavalier was not authorised by the Department of Trade and Industry to write extended warranty business, which is insurance covering the cost of replacing defective parts on household goods. However, it appears that it was used for this purpose by Multi Guarantee—a marketing company, also in liquidation, which specialised in arranging this type of insurance for retailers.

Mr Pope said he was still waiting for a statement of affairs from the directors and he would be issuing his observations to creditors after he received the statement.

The Policyholders Protection Act 1975 was designed to protect the public from the financial consequences of insurance companies running into problems. However, a recent court case has cast doubts on whether it applies to unauthorised policies.

The Policyholders Protection Board, which administers the Act's provisions, is awaiting the outcome of another legal case.

The board is dealing with 110 claims on personal property insurance

Nationwide to raise rate for new mortgages to 10½%

BY OUR FINANCIAL STAFF

NATIONWIDE building society *is to raise its mortgage rate for* new borrowers by ½ percentage point to 10½ per cent on May 1.

The society is also charging higher interest rates on loans of more than £40,000. The move has more to do with the intricacies of home loan changes than an upward trend in interest rates.

Nationwide, the UK's third largest building society, is one of the few societies that does not use a sliding scale of charges based on loan size. So borrowers have been able to obtain relatively large loans at the building societies' advised rate of 10¼ per cent.

The new higher rate of 10½ per cent will apply to all new loans up to £40,000, after which loans will cost an extra 1 percentage point. Most large building societies start charging extra at about £25,000 on a scale that can add ¼ percentage point for every £10,000.

Nationwide claimed last night that on average the society's rate would still be below that of most other societies. The Nationwide had decided to add *the extra ¼ percentage point* rather than start charging a wide range of differentials.

The society was opposed to discriminating against large borrowers, but the £40,000 limit had been set because it was thought unfair that exceptionally heavy borrowers should be able to get mortgages at the regular rate.

First time house buyers will have the extra ¼ percentage point rebated to them for the first year of the loan.

At the same time the Nationwide is to introduce a new seven-day savings account, Bonus Seven, paying 1 percentage point over the advised rate, which is 6.25 per cent.

The Woolwich Equitable building society is now the only big society still offering mortgages at the advised rate of 10.25 per cent without differentials. The society said yesterday that there were no plans to change in the light of the Nationwide move. "We are against the concept of differentials," it said.

Insuring older houses

BY ERIC SHORT

YORKSHIRE Building Society has linked with the General Accident Group to offer its borrowers a new structural defects insurance contract.

The policy will protect buyers of older houses not covered by the National House-Building Council 10-year *guarantee against big structural* defects that occur during a three-year period after buying the house.

Normally policies exclude damage arising from structural defects, though this tends to be a grey area in claims settlements.

Under the scheme, the borrower has to pay for an additional surveyor's assessment report, completed by the building society's surveyor at the time of his mortgage valuation. The cost of the report is £30.

If the report indicates no *problems, then for a one-off pay*ment of £70 the borrower can insure against defects during the three-year period. The premium can be included in the mortgage advance, so the cost is about 40p in addition to the monthly repayment.

Zimbabwe may invite Trelford to return

Financial Times Reporter

THE Zimbabwe Government is considering inviting Mr Donald *Trelford, editor of The Observer*, to return to the country to substantiate allegations of army brutality.

Plans to issue invitations to The Observer editor and journalists from other newspapers were being considered yesterday after controversy over an article by Mr Trelford in Sunday's issue of the newspaper.

The article accused the Fifth Brigade of the Zimbabwe Army of being responsible for widespread killings and beatings in Matabeleland. Following its publication Mr Roland "Tiny" Rowland, chairman of Lonrho which owns The Observer, disassociated himself from the article. Lonrho has in addition extensive interests in Africa.

Mr Rowland said in a letter to Mr Robert Mugabe, Prime Minister of Zimbabwe, that Mr Trelford's action had been "discourteous, disingenuous and wrong."

If the allegations had been produced by one of Mr Trelford's reporters, said Mr Rowland, they would have been edited out on the grounds that they were not substantiated and not based on fact.

Mr Trelford said yesterday that he stood by every word of his report. "The story was solidly based on the evidence of victims whom I interviewed myself and who signed sworn statements in my presence."

Dockyard scheme's first stage unveiled

ENGLISH ESTATES, the *Government sponsored development agency*, yesterday gave details of the first part of its £400m development plan for the Chatham dockyard, Kent.

The £2m initial plan envisages a mixture of workshop units and office suites

Public sector borrowing dips below £10bn target for year

BY PHILIP STEPHENS

BRITAIN'S public borrowing totalled £9.75bn in the financial year to March, just below the Government's latest forecast of £10bn but slightly above most City of London expectations.

The Central Statistical Office (CSO) said yesterday that the public sector borrowing requirement (PSBR) was £2bn in March, up from £230m the previous month, according to provisional data. The outturn caused some disappointment on financial markets, which had been expecting a figure for the whole year of below £9.5bn.

Borrowing was artificially inflated, however, by the failure of Britain's European Community partners to release a £500m rebate before the end of the financial year. Assuming the Community reaches agreement on reform of its finances this money will now count against this year's borrowing requirement.

Although below the latest target, the 1983–84 PSBR was significantly higher than the £8bn ceiling set originally in the 1983 budget.

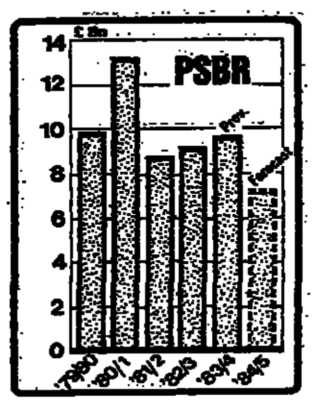
The overshoot is largely explained by a pre-election Government spending spree at the beginning of the financial year. This prompted a clampdown by Mr Nigel Lawson, the Chancellor of the Exchequer, last summer.

The Government has set a target of £7.25bn for the 1984–85 borrowing, but most outside economists believe that the nominal £2.5bn reduction from last year exaggerates the tightening of public finances.

First, the new target is based on a different accounting practice (increases in public sector bank deposits and other liquid assets will now be deducted from the PSBR) which if applied last year would have reduced the outturn to £9.4bn.

Secondly, that figure would have been reduced to £8.9bn had the Government received its EEC rebate on time.

Some analysts argue that, even then, the apparent reduction between the two financial years is overstated because this year's revenues will be boosted by an extra £1bn in asset sales and the speeding up of £1.2bn in value added tax payments.



The CSO said that supply services, which account for the bulk of Government spending, rose by 7.75 per cent over the year to £86.7bn, but changes in the classification of some expenditure meant that the underlying increase was around 6.5 per cent.

Consolidated fund revenue increased by 6 per cent over the same period to total £88.4bn.

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GEC to cut 720 turbine jobs

BY IAN RODGER

GEC GAS Turbines is closing its Whetstone, Leicestershire factory and making 720 of its 1,000 employees redundant because of a long slump in orders.

Production at Whetstone will run down gradually over the next 18 months and all new orders will go to the factory of GEC Gas Turbines' sister company, Ruston Gas Turbines, at Lincoln.

"We are giving long-range warning that we are closing the works in the hope that will help people with their plans," Mr John Branscombe, director and general manager, said.

Mr Branscombe said the project management and engineering departments for large turbines would be retained at Whetstone, and he hoped that would provide continuing employment for the 280 left when the factory closes.

A rationalisation along these lines has been expected since last spring when the General Electric Company's two gas turbine manufacturing subsidiaries were put into a joint company under the direction of Mr Kelvin Bray, then managing director of Ruston.

GEC Gas Turbines supplies turbine sets of 10,000 horsepower and above, based on bought-in aero engines, mainly from Rolls-Royce. Ruston manufactures its own turbines and is one of the top two world suppliers of engines up to 10,000 hp.

GEC Gas Turbines thrived in the 1970s supplying systems to provide supplementary "peak lopping" capacity at power stations, but this and other markets for large turbines have been very weak in the past few years.

BBC seeks to develop advanced radio sets

By Raymond Snoddy

THE BBC is involved in the production of a "people's radio set" incorporating advanced technology.

Mr Richard Francis, managing director of BBC Radio, said yesterday that he had written to regional development agencies to see if there was any interest.

He believes it is a "scandal" that radio receivers have been bypassed by advances which would make it much easier to tune and hear sound of the quality of that leaving the studio.

It hopes to find a manufacturer prepared to mass produce radios which could be automatically tuned and which would have a digital display to tell listeners the signal they are tuned to and basic information on the programme. The BBC, however, plans to put its expertise rather than its cash, behind such a venture.

Mr Francis envisages the BBC's relationship with the manufacturer would be similar to that with Acorn Computers on development of the BBC microcomputer.

The BBC has already developed push-button methods of automatic tuning.

It has also taken out patents on a system of "signal marking" which can identify individual incoming signals. Digital information travels with the radio signal as it is broadcast.

This would appear on a one-line display on the radio. "In the longer term opera librettos could be transmitted along with the opera," Mr Francis said.

The BBC's signal marking has been accepted by European Broadcasting Union engineers as a European standard. It will be shown *to a meeting of European* programme makers in Stavangar next week.

Mr Francis would like to see a new generation of radios produced incorporating a range of the technological advances he believes are possible.

The ideas have been put to British manufacturers but so far have inspired little enthusiasm.

The keenest interest is coming from Sony of Japan and Philips of the Netherlands.

Theakston chief wins board battle

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE BOARDROOM battle for control of Yorkshire brewer T. & R. Theakston has been won by Mr Paul Theakston, the chairman.

In the High Court yesterday he defeated an attempt by Mr Michael Theakston, his cousin and codirector, to block his acquisition of 48 per cent of the company owned bv London Trust.

Mr Justice Harman ruled that Mr Paul Theakston's acquisition did not involve a breach of Theakston's articles of association. As a result of the ruling, he now controls just under 60 per cent of the company.

It also means that the balance in the takeover struggle for the company between Matthew Brown, the Lancashire brewer favoured by Mr Paul Theakston, and William Grant & Son, the Scottish distiller backed by Mr Michael Theakson, has shifted markedly towards Matthew Brown.

Matthew Brown has offered 71p a share and William Grant *has offered 88p.*

After the judgment Mr Pat Townsend. Matthew Brown's chairman. said he was very pleased with the result.

Mr Paul Theakston said he too was pleased because the judge's ruling "demonstrates that what I did was correct and proper."

What happened next would be a matter for the Theakston board. He could not say whether there could be an amicable resolution of the disagreements between himself and Mr Michael Theakston.

Mr Gerry Thomas, Theakston's managing director, who is in the Mr Michael Theakston faction, said he thought the divisions in the board might be too *deep for reconciliation.* Someone would have to go.

The takeover deadlock resulting from the requirement in the articles that any shareholder wishing to dispose of his holding must offer it first to other members is likely to continue. Alteration of the articles would require the support of 75 per cent of shareholders.

Mr Michael Theakston will consider appealing against yesterday's ruling

There is another legal action pending in which Mr Paul Theakston will try to stop a proposed allotment of unissued Theakston shares to William Grant and Son.

Mr Justice Harman *said* that Matthew Brown had agreed to *finance Mr Paul Theakston's* purchase of the 1.2m Theakston shares held by London Trust for £1.42m. The purchase price was to be an interest-free loan from Matthew Brown to Mr Paul Theakston.

Mr Paul Theakston was to try to have the shares registered in his name. He agreed to accept an offer for them by Matthew Brown if one were made, and not to accept any offer from anyone else, except as directed by Matthew Brown.

The question was whether that arrangement put the sale by London Trust to Mr Paul Theakston outside the article requiring shares to be offered to existing shareholders.

Mr Michael Theakston argued that Mr Paul Theakston was taking the shares as Matthew Brown's nominee.

The judge held that Mr Paul Theakston was the legal owner of the shares, and was therefore entitled to have them registered in his name.

London Trust had undoubtedly known that there was a financial arrangement between Mr Paul Theakston and Matthew Brown, but that did not alter the fact that it had been to Mr Paul Theakston that it had sold the shares.

Nothing that Mr Paul Theakston had *so far done under his* agreement with Matthew Brown had put him in the position of being a Theakston shareholder proposing to transfer shares and therefore obliged to offer them to other shareholders.

ESTATE AGENTS are not entitled to their commission if they sell a house for less than the owner's asking price without first agreeing the price cut with the owner, the Court of Appeal ruled yesterday.

In a case affecting **estate agents throughout the country, two judges held that an Essex couple need not pay agents' commission on the home they sold four years ago.**

Gramans, of Highams Park, Chingford, the agent, had agreed —on a printed form setting their terms and conditions — to advertise the couple's house for £34,500.

"That is a condition which has to be fulfilled as an obligation undertaken by the estate agent before he is entitled to claim his commission," said Lord Justice Eveleigh.

It was an essential term of the agreement that the property should be put on the market at the £34,500 asking price.

Glaxo to build £11m Middlesex research lab

By Carla Rapoport

GLAXO, Britain's largest pharmaceutical company, intends to spend about £11m on a research laboratory in Greenford, Middlesex.

The plan comes after warnings by international drug companies that their UK investment plans may be scaled down following the Government's decision to curb their profitability and promotional expenditure.

Since the Government's announcement last December to cut the maximum allowable return on capital from 25 per cent to 21 per cent, a number of drug companies have said they are reconsidering their investment plans in the UK.

Construction on Glaxo's facility, which will provide about 60 research jobs, is expected to start this month. Group News, Glaxo's employee newsletter, reported that the lab would be finished in March 1986.

The facility will partly replace existing research laboratories, but will also provide more space for Glaxo's increasing commitment to cancer and immunology research.

It said yesterday: "Most of our research is based here in the UK. We've been increasing our research and development spending in real terms considerably over the past few years."

Hoechst UK, a subsidiary of Hoechst, the world's largest pharmaceutical company, recently abandoned plans to build a £10m research facility in the UK because of the Government's squeeze on profits.

The director of the UK subsidiary of Cchering, the West German drug company, is understood to have informed the Government that it has cancelled plans to build a £2m administration facility at Burgess Hill.

A recent Treasury Review Board recommended that the pharmaceutical industry's return on capital be reduced further, perhaps to about 18.5 per cent.

£15m high technology investment for Scotland unveiled

BY TIM DICKSON

HIGH TECHNOLOGY investment for Scotland which is expected to create at least 350 jobs over the next five years was unveiled in London yesterday.

Mr George Younger, Secretary for Scotland, announced that £15m is being raised to fund Integrated Power Semiconductors which is being established at Livingston, near Edinburgh, by a team of Californian executives.

A total of £4.2m in government grants has been organised by Locate in Scotland, but the bulk of the start-up package is being provided by mainly private institutional investors led by 3i Ventures, the venture capital arm of Investors In Industry.

An initial tranche of £4.5m has been supplied by this syndicate which includes Newmarket (Venture Capital), the Scottish Development Agency, Charterhouse Japhet, the APA Venture Capital Fund and CIN Industrial Finance.

The rest of the £15m is likely to be raised in about 18 months after certain targets have been achieved.

Mr Dave Wood, managing director of IPS, said that the company had not chosen to start in California although North America was the biggest wordwide market. "It needed an EEC base because we want to tackle the European market first."

He had spent more than a year looking for a suitable location in Europe and besides the level of grants in the UK had been impressed by the infrastructure in Scotland, the skills of the workforce and "the ethic on the shopfloor."

Other factors which put him off California were the high duties which have to be paid on exports to the EEC and unstable conditions in the labour market. "No sooner do you give a good electronics engineer a job than he is out the other side of the swing door," he said.

IPS believes the growth in computers and other office equipment has opened substantial opportunities for power driver and power supply integrated circuits. In particular, Mr Wood says they are needoed to replace older components *to drive* the motors in printers, telexes, typewriters and other electronic equipment.

IPS is not aiming to start production at Livingstone for nine to 12 months

Scottish operations will include wafer fabrication, a limited assembly capability, electrical and environmental testing and marketing and shipping. While the company's technology and research and development base initially will be in California the plan is to move to the UK later.

ICL sells stake in U.S. computer companies

By Guy de Jonquieres

ICL, the largest British computer manufacturer, has sold its holdings in two small American computer peripherals companies to Control Data (CDC).

The deal covers ICL's 20 per **cent stake in Computer Peripherals, which makes tape drives, and its 4.6 per cent stake in Centronics, which makes computer printers. Terms of the sale were not announced.**

Before the agreement, CDC owned 60 per cent of CPI and 35 per cent of Centronics. NCR, another U.S. computer manufacturer, owns 20 per cent of CPI and 4.6 per cent of Centronics.

Lord Sieff stresses scope for 'quality and value'

BY LISA WOOD

THERE IS much greater scope for the redevelopment of good quality and value production in Britain than many people believed. Lord Sieff, chairman of Marks and Spencer, said yesterday.

He *was speaking at the* Stafford factory of Lotus, the shoe manufacturer which supplied Mand S's growing footwear business. In Britain generally only 40 per cent of the footwear sold is British-produced compared with 80 per cen of Mand S's footwear.

Discussing he redevelopment of good qualiy and value production Lord Sieff said: "Such a policy can only be implemented if hose at he top make buying right down the line understand the policy and consistently and resolutely follow it. Its success depend also on close co-operation between the ultimate seller, or retailer, the manufacturer and the raw material supplier."

He said M & S bought British goods providing they were of high quality and good value. "We only seek supplies from abroad if we cannot get such goods at home. Our experience proves that British industry is capable of providing quality and value in nearly all the areas in which we trade. Today 90 per cent of our goods are made in Britain."

M & S has 18 per cent of the British suit market and about 60 per cent of these suits were made in Britain.

BA to resume scheduled flights to Iran

By Michael Donne,

BRITISH AIRWAYS is to resume scheduled flights to Iran on June 3 after a four-year gap. The airline suspended operations after the Iranian revolution.

From June 3 TriStar jets will fly to Tehran from Heathrow via Larnaca in Cyprus on Thursdays and Sundays, returning on Fridays and Mondays.

BA says that Iran is now the UK's second largest Middle East trading partner after Saudi Arabia and that trade is growing fast.

● Air Marshal Sir John Curtis will become director and chief executive of the Society of British Aerospace Companies at the end of this year.

Glasgow survey shows sustained company gains

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

IMPROVEMENTS in the economy of the west of Scotland have been sutained, according to the latest quarterly survey of the Glasgow Chamber of Commerce.

The 215 companies replying to the regular questionnaire from the chamber reported slight improvements in domestic sales and orders for the home market in the first quarter this year compared with the last quarter of 1983.

Export sales were up in 31 per cent of the companies compared with 23 per cent for the last quarter of 1983. Fifty per cent reported no change, while 19 per cent recorded a fall compared with 29 per cent in the last quarter. Export orders rose from 25 per cent to 38 per cent.

The size of the chamber's survey has made it one of the best sources from which to take the pulse of Scottish industry.

The survey showed 23 per cent at full production against 19 per cent last quarter, but 33 per cent reported production levels less than satisfactory compared with 31 per cent.

BBC wins eight awards

THE BBC won eight of the 11 awards at the Television and Radio Industries Club awards yesterday.

The awards were: newcaster/presenter—Frank Bough; ITV personality — Michael Aspel; BBC TV personality—Terry Wogan; Best ITV programme—Minder; Best BBC programme—Last of the Summer Wine; Best situation comedy—Only Fools and Horses; Theme music—Reilly Ace of Spies; Radio personality—John Dunn; Radio programme — The Grumbleweeds; Science-based programme—Horizon; Sports presenter—David Coleman.

BASE LENDING RATES

A.B.N. Bank	8½%	Heritable & Gen. Trust	8½%
Allied Irish Bank	8½%	■ Hill Samuel §	8½%
Amro Bank	8½%	C. Hoare & Co. †	8½%
Henry Ansbacher	8½%	Hongkong & Shanghai	8½%
Armco Trust Ltd.	8½%	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9 %	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	8½%	Lloyds Bank	8½%
Bank Hapoalim BM	8½%	Mallinhall Limited	8½%
BCCI	8½%	Edward Manson & Co.	9½%
Bank of Ireland	8½%	Meghraj and Sons Ltd.	8½%
Bank of Cyprus	8½%	Midland Bank	8½%
Bank of India	8½%	■ Morgan Grenfell	8½%
Bank of Scotland	8½%	National Bk. of Kuwait	8½%
Banque Belge Ltd.	8½%	National Girobank	8½%
Banque du Rhone	9½%	National Westminster	8½%
Barclays Bank	8½%	Norwich Gen. Tst.	8½%
Beneficial Trust Ltd.	9½%	People's Tst. & Sv. Ltd.	9½%
Bremar Holdings Ltd.	8½%	R. Raphael & Sons	8½%
Brit. Bank of Mid. East	8½%	P. S. Refson & Co.	8½%
■ Brown Shipley	9 %	Roxburghe Guarantee	9½%
CL Bank Nederland	8½%	Royal Trust Co. Canada	8½%
Canada Perm't Trust	8½%	■ J Henry Schroder Wagg	8½%
Castle Court Trust Ltd.	9 %	Standard Chartered ‖	8½%
Cayzer Ltd.	8½%	Trade Dev. Bank	8½%
Cedar Holdings	9 %	TCB	8½%
■ Charterhouse Japhet	8½%	Trustee Savings Bank	8½%
Choulartons	10½%	United Bank of Kuwait	8½%
Citibank Savings ¶	9½%	United Mizrahi Bank	8½%
Clydesdale Bank	8½%	Volkskas Limited	8½%
C. E. Coates	9½%	Westpac Banking Corp	8½%
Comm. Bk. of N. East	8½%	Whiteaway Laidlaw	9 %
Consolidated Credits	8½%	Williams & Glyn's	8½%
Co-operative Bank *	8½%	Wintrust Secs. Ltd.	9 %
The Cyprus Popular Bk.	8½%	Yorkshire Bank	8½%
Dunbar & Co. Ltd.	8½%		
Duncan Lawrie	8½%		
E. T. Trust	9 %		
Exeter Trust Ltd.	9½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	9½%		
Robert Fraser	9½%		
Grindlays Bank ‡	8½%		
■ Guinness Mahon	8½%		
■ Hambros Bank	8½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.25%. 1-month 6%. Fixed rate 12 months £2,500 8%. £10,000, 12 months 8.25%.
† 7-day deposits on sums of: under £10,000 5¼%. £10,000 up to £50,000 6¼%. £50,000 and over 7¼%.
‡ Call deposits £1,000 and over 5¼%.
§ 21-day deposits over £1,000 6¼%.
‖ Demand deposits 5¼%.
¶ Mortgage base rate.

Oil self-sufficiency 'could last till next century'

BY DOMINIC LAWSON

BRITAIN COULD still be self-sufficient in oil by the end of the century, according to Mr John Raisman, chairman and chief executive of Shell UK.

Speaking to the Energy Industries' Club yesterday, Mr Raisman said: "North Sea oil *is not* about to run-out—or at least not in the time scale that many people are talking about. The outlook is nowhere near as bleak as we might have been led to believe."

Mr Raisman said production from the North Sea was nearing a peak, where it will remain for two to three years and then begin to decline. The initial decline will be rapid, in part because the fiscal climate in the first years of the present decade was not encouraging to *North Sea projects*.

However, the 1983 Budget stimulated a second wave of North Sea developments, which the Shell chairman said will not bring oil ashore until the late 1980s or early 1990s.

North Sea oil production will be sustained at a significant level. "probably well into the next century." By the year 2000 *Britain* could still be producing at a rate of 60m tonnes a year. Last year production was 115m tonnes.

Mr Raisman said UK demand was 65m tonnes last year and there was a chance it could fall to 50m tonnes by the end of the century.

The UK government is considering whether to approve a deal negotiated by the British Gas Corporation which involves the purchase of £20bn worth of gas in the 1990s from Norway's Sleipner gas field.

In what appeared to be a veiled criticism of the deal Mr Raisman said: "It is to be hoped that whatever decision is taken it will not curb the development of the UK's own reserves which are themselves sufficient to continue to meet a large proportion of our requirements for the next 20 or more years."

During the rapid build-up in UK oil production the exchange rate rose to uncomfortable levels. This was not primarily due to Britain's new rôle as an oil producer but because of the high interest rates associated with the first phase of the Government's economic programme.

The Shell chairman said we would not see a similar fall in sterling as production declined, partly because "interest rates should be at relatively low levels and the initial repercussions of the introduction of monetarism should have abated."

Upturn in textile output sustained

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

OUTPUT OF textiles in the last three months of 1983 rose by 6 per cent compared with a year earlier and the higher level of production is being sustained *this* year.

Mr John Lister, president of the British Textile Confederation, presenting the 1983 annual report yesterday, said the upturn had been helped by higher spending in the shops, restocking and the movement of sterling against other currencies.

The upturn had to be seen against a depressed level of activity between 1979 and the middle of last year, during which production contracted 28 per cent and 170,000 jobs were lost, bringing the industry's workforce down to 300,000.

Last week the confederation reported a record UK textile deficit of £1.66bn *for 1983, up 27* per cent.

Yesterday Mr Lister warned that if the restraints facing the industry continued there would be a further contraction of output and employment throughout the eighties.

"If the industry is to survive in the long term as a major industry, its level of investment in new equipment must increase," he said.

On sterling, he said that because of the pound's fall Britain had lost competitiveness since 1978 of about 30 per cent compared with France, Germany and Italy and of 60 per cent compared with Belgium.

The importance of the industry was stressed by figures of ouput. The annual report points out that value added by the textiles and closely allied clothing industries amounted to £3.43bn in 1982, more than the contribution from the motor industry, half as much again as aerospace and more than four times as much as office equipment and data processing.

British Textile Confederation: Review of 1983-84 and Annual Report for 1983. Available, free, from BTC 24 Buckingham Gate, SW1.

Sterling travellers cheques advised

FINANCIAL TIMES REPORTER

HOLIDAYMAKERS travelling to the Mediterranean and other sunspots for Easter are being advised to buy sterling travellers cheques in Britain because they could exchange them at a better rate abroad.

Travel agent Thomas Cook said this applied to almost all the popular Easter resorts, such as Portugal, Spain, Malta, Ibiza, Majorca and the Canaries, which have soft currencies.

Mr John Batten, director of Thomas Cook Financial Services, believes there could be several percentage points difference.

"These countries would prefer to receive a hard currency like sterling. Also we reckon that the soft currencies will generally slide against the pound," said Mr. Batten.

Thomas Cook, however, recommends travellers cheques in the local currency for northern European destinations. *Dollar* traveller cheques are recommended for north and south America.

Low-paid offered zero rise

By Philip Bassett, Labour Correspondent

POST OFFICE unions are being made a range of pay offers that includes giving no increase at all to some labouring and junior grades because easy recruitment of staff makes no rise necessary.

This directly market-related offer is similar to that put to junior civil servants two years ago. Leaders of the Post Office Engineering Union (POEU) also feel that these offers display two other key elements of management thinking:

- The need in the first year of the liberalisation of British Telecom (BT) to keep down costs in order to stay competitive.
- A reflection (incorrect, according to the union) of the likelihood of little industrial action after the failure of such action last year by the POEU against the Government's plan to privatise BT.

Differentiated pay offers – different amounts for different grades – have been made to POEU members *in BT, numbering in all about* 108,000, and in the Post Office totalling about 12,000. Both have been rejected and further talks are likely after Easter.

In BT, the management has offered 4.1 per cent to the top grades, 3.5 per cent to the middle and 3 per cent for the bottom, including labourers.

However, similar POEU grades in the Post Office, including labourers, drivers, storekeepers and patrolmen, have been offered no increase at all. Staff in the more senior jobs have been offered 3.25 per cent and those in the middle grades 3 per cent.

One POEU executive member last night described the offer of no increase as "insulting," and said it stemmed in part from the union's rejection of restructuring and regrading proposals. Meanwhile, leaders of 200,000 postal workers will resume negotiations today with the Post Office over an unpublished, undifferentiated 3.5 per cent pay offer.

Officials of the Union of Communication Workers (UCW) have given a warning that negotiations might run into serious difficulties if the offer is not significantly improved.

The UCW feels that the PO is unlikely to sanction any disagreement's going to arbitration, after a recent arbitrated decision in favour of the union in a dispute arising out of the Post Office's "improved working methods" productivity scheme.

As a result, it is preparing, to put the PO's offer to a recalled special conference and some form of recommendation for action in support is being considered.

Aerospace success story takes off with small aircraft

Michael Donne reports on the buoyant order books for UK makers of regional and commuter aircraft

THE INCREASING world demand for small transport aircraft, reflected by the £60m of orders won by the UK aerospace industry last week, is one of the most significant signs that the recession is passing and that business confidence is returning.

Civil aviation has always been regarded as a barometer of economic conditions. When the recession struck, air transport was among the first industries to suffer as companies and individuals cut travel budgets. Now, the airlines are beginning to experience the "bow wave" of the recovery.

This may take some time before it is fully reflected in a major expansion of airline orders for aircraft, but demand is at least recovering in the small transport aircraft market.

This is good news for the UK aerospace industry, where the emphasis in recent years has shifted from the design of large civil aircraft *towards the smaller types of* transport aircraft.

Through British Aerospace (BAe) the UK retains a substantial stake in big aircraft manufacture, with the work on wings for the European A-300, A-310 and now also the A-320 Airbuses. But most of BAe's efforts are centred on a series of smaller aircraft.

These include the six to eight seat Type 125 executive jet, the 19-seat twin-engined Jetstream turbo-prop, the 40–50 seat Type 748 twin turbo-prop, the recently launched Advanced Turbo-Prop (ATP) of 64 seats, and the four-engined Type 146 regional jet airliner, which carries up to 100 passengers.

The other major UK fixed-wing aircraft builders, Short Brothers of Belfast, also concentrates on small transport with the Skyvan freighter, the 30-seat Type 330 and the 36-seat Type 360.

Shorts, however, has a foothold in the bigger aircraft market, making parts for the Boeing 747 and 757 and for the Fokker F-28 twin-jet and the new Fokker *F-100 airliner*. It also builds engine pods for Rolls-Royce RB-211 engines for 747s and other aircraft.

The recent growth in traffic in the regional and commuter markets, in the U.S. and elsewhere, is thus particularly welcome. It has been the most significant factor behind last week's inflow of orders for the UK.

Most analysts expect this improvement in traffic to continue. The British Airports Authority is consistently reporting increases in the traffic it handles at its seven airports including Heathrow and Gatwick. There was an 11 per cent rise in February compared with a year before.

The International Air Transport Association believes this year will see a rise of between 5 and 7 per cent in world scheduled airline traffic. Mr Ed Acker, chairman of Pan American Airways, recently forecast a traffic growth in 1984 of between 6 and 8 per cent and many other airline chiefs agree.

The UK industry's orders last week included six more Jetstreams, worth about £10m. Over the past five months BAe has won orders for *24 Jetstreams, mostly for civil* customers, taking total orders to 42. This is resulting in increased production at the BAe Prestwick factory in Scotland from 24 aircraft a year to a planned 36 by 1986.

BAe also announced a £25m order for two of its 146 jet airliners from Ansett Transport Industries of Australia, with an option on another six. This brought orders for the aircraft to 36, with another 45 on option. Production is being increased.

The other big success story of the past week has been the order placed with Short Brothers by Wright Airlines of Cleveland, Ohio, for eight Type 360s.

The order, worth about £25m, followed a recent order from the U.S. Air Force for 18 Sherpas (the military version of the civil 330 aircraft) with an option on another 48. That package is expected eventually to be worth over £400m to the Belfast company.

The development of the Shorts family of small transport aircraft is one *of the greatest recent success* stories of the UK aerospace industry. Orders and options stand at over 400, comprising some 150 Skyvans, 180 of the Type 330 and its variants, including the Sherpa, and 88 of the Type 360s.

The company's aircraft provide nearly 10 per cent of the total capacity of the U.S. regional airline fleet, and 17 of the top 50 regional airlines in that country have bought Shorts aircraft.

UK manufacturers expect to announce further orders in the weeks ahead as negotiations come to fruition.

Honda and Austin sign executive car deal

By John Griffiths

AUSTIN ROVER and Honda of Japan signed in London yesterday the agreement committing them to manufacture of the executive car being *developed jointly by the two* companies.

The car, codenamed Project XX, will go into production late next year.

Distinctive separate Austin Rover and Honda versions will be built, although they will share a common engineering base.

Honda will build its own and the Austin Rover version at its Sayama plant. Austin Rover will also build both versions, at Cowley, near Oxford.

This subcontracted production of each other's cars will not start until early 1986.

Yesterday's agreement, signed by Mr Noburu Okamura, Honda executive vice-president, and Mr Harold Musgrove, Austin Rover chairman, is the third relating to the project. The initial letter of intent was signed in November 1981, followed by a design and development agreement in April of last year.

The Austin Rover model built by Honda will be sold through Austin Rover's dealer networks in Japan and Australia. The UK-built Honda model will be sold through Honda's European network and for the first time will allow Honda to escape the quota and other restrictions facing its traditional imports to Europe.

The two cars are expected eventually to meet in the important North American *market, where Honda* is setting up a separate network for the car.

Charles Batchelor looks at a former SAS officer's business success

Security specialists net a profit

BRITAIN'S armed forces and police have provided a fertile training ground for senior figures in international security companies who advise governments and businesses on combating terrorism.

Mr Alastair Morrison, a former SAS officer—the British regiment which specialises in anti-terrorist operations — is managing director of the UK arm of Defence Systems International, a privately-owned security consultant and equipment supplier.

This week Defence Systems and Security Centres Holdings, a British company which designs alarm systems, launched Defence and Security International. It will be based in Limassol, Cyprus, and will specialise in providing security advice to governments and international companies operating in the Middle East.

Mr Morrison said yesterday: Britain has a worldwide reputation for integrity and technical expertise in the security field. The British are also trusted as being impartial."

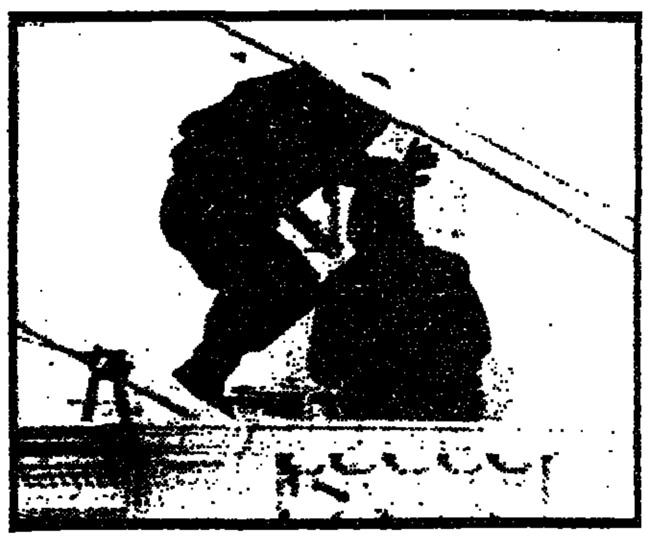
He was one of the two SAS men to help West German special forces to free hostages held in a Lufthansa jet hijacked to Mogadishu, Somalia, in 1977 by Palestinian terrorists.

Mr Morrison is keener to emphasise the business nature of his activities rather than his military past.

Defence Systems, which was set up in Jun 1981, expects a turnover of £1m this year, most of it in the Middle East and most in equipment supply. It is bidding for orders worth £17m.

"If we convert 10 per cent of that to firm orders we will be very busy," said Mr Morrison. "The consultancy side is not big but it gets us to the right customers."

Security Centres will supply *equipment, including closed circuit* television and electronic alarms, to the joint venture.



Britain's SAS . . . fertile ground for recruitment to private security companies

Defence Systems, which advises North Sea oil rig operators, will supply the expertise in analysing security threats and devising counter-measures using security guards and electronic and mechanical systems.

It sees a large market in the Middle East arising from the rivalries between Arab governments and the hostility engendered by the Palestinian and *Israeli conflict. Airfields, de*salination plants, oil production sites and refineries and tankers at anchor all require a high decree of protection.

Security Centres became interested in the Middle East through its involvement with architects and design consultants who called on it when preparing large construction projects, some of them in that area.

Mr Tom Forrest, managing director of Security Centres, *said:* "*It has taken us two* years to put this Middle East company together with the right partners and the proper structure."

Mr Forrest and Mr Morrison believe a strong card will be their links with an Arab partner, Mr Abdul Hadi Majali, a retired lieutenant-general and former chief of staff of the Jordanian army.

The Middle East Institute of Strategic Studies, a company set up last year by Mr Hadi Majali to advise Arab armies, will take a 51 per cent stake in Defence and Security International's Jordanian subsidiary.

"The reason we are in with the Jordanians is they have one of the most professional Middle East armies," said Mr Morrison. "They are acceptable to most governments in the area."

Defence and Security International hopes to extend its operations, working with local partners, to Saudi Arabia, Dubai, Kuwait and later to other countries.

Many of the companies started by former policemen and ex-British armed servicemen have remained one-man operations. However, some companies have expanded and support a growing international business.

Probably the largest is Control Risks, a company which specialises in advising companies and governments on avoiding kidnap threats and extortion demands and on negotiating with kidnappers or terrorists if preventative measures fail.

Mr Arish Turle, a former member of the SAS, is managing director of Control Risks. His 80-strong team of consultants and researchers includes a number of former military colleagues and senior policemen.

"Kidnap and extortion is a growth industry," said Mr Turle. "The number of incidents and the amounts of ransom demanded have increased though less publicity is given to this crime now."

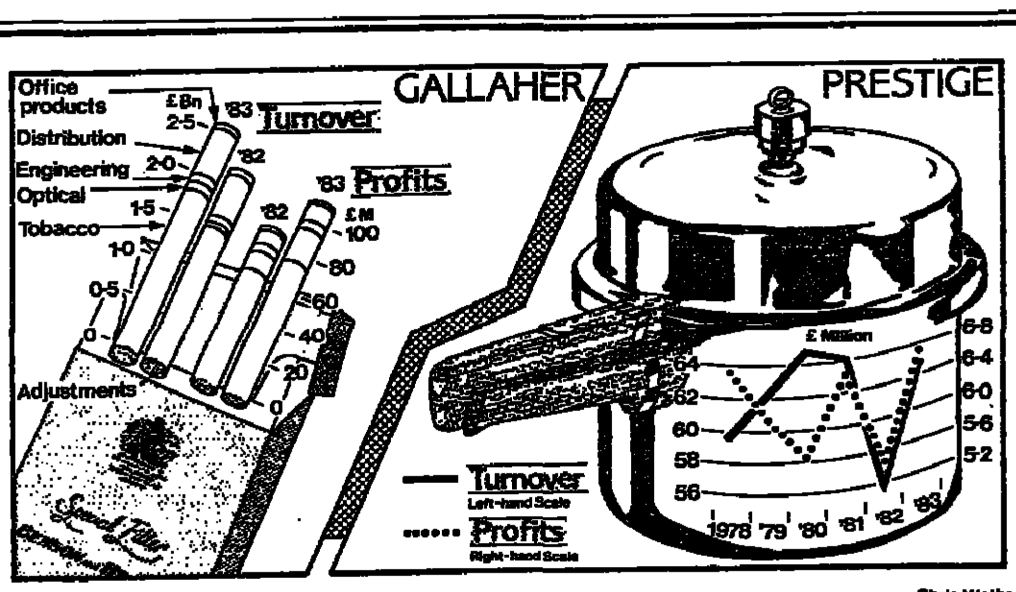
Control Risks, was set up by Hogg Robinson, an insurance broker which arranges kidnap and ransom insurance. Now independent, following a management buy-out, it has handled 140 cases over the past 10 years and dealt with demands for up to $600m (£422m) worth of ransom.

FT electronics conference date

THE SEVENTH Financial Times world electronics conference will be held in London on June 20 and 21. It will focus on European markets and future prospects and strategies for Europe's high technology industries. Prominence will be given to the need to create the environment for growth and the *importance of fast translation* of technology into successful market products.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ



Chris Walker

Gallaher filters its product mix

William Dawkins on the UK tobacco group's diversification policy

CIGARETTES, box files, vending machines, spectacles and industrial pumps—an unrelated rag-bag of businesses, or elements of a grand corporate strategy?

These are just some of the interests belonging to Gallaher, the UK's second largest tobacco group with a 32 per cent market share, best known for its Benson and Hedges and Silk Cut cigarettes. Gallaher, like most major tobacco companies, has been busy diversifying away from its core business in recent years, though with slightly more success than its competitors.

Now the group is well on the way to adding another leg to its portfolio with its agreed cash offer for Prestige, the British maker and distributor of housewares. This is intended to form the core of a new Gallaher division.

"All of Gallaher's products are sold at premium prices. In that sense, Prestige is just like us. You might say it is the Benson and Hedges of housewares," explains Philip Grierson, the Gallaher director in charge of diversification.

The deal, which values Prestige at £49.1m, is the biggest non-tobacco acquisition in Gallaher's history and raises important questions about the assumptions behind the willingness of tobacco majors to move into apparently unrelated areas.

Gallaher's own non-tobacco businesses have risen steadily, mainly through acquisitions, from 23 per cent of group profits five years ago to 33 per cent of its £110.4m trading profits in the year to last December.

That trend closely reflects the strategy of its U.S. owner, American Brands, the fourth largest U.S. cigarette maker and one of the world's most diversified tobacco companies. It has interests in life insurance, distilling, a private detective agency and lock-making, among others, and has earmarked $26bn for non-tobacco acquisitions over the next three years.

It also reflects Gallaher's need to reduce its dependence on the UK tobacco market, which has declined from 137.4bn cigarettes consumed in 1973 to an estimated 101bn last year. That is not to say, however, that tobacco is not highly profitable for Gallaher.

In its last financial year, the group's trading profits from tobacco rose by 13 per cent to £74.2m on the back of a substantial increase in market share, and this year Gallaher is planning to spend a record £30m or more on modernising its cigarette-making machines.

Future growth in tobacco earnings, however, is likely to be concentrated more on exports than in the UK, says Grierson. At present exports account for 3 per cent of production, and Gallaher is hoping to increase that share to around 10 per cent within the next two years.

Nevertheless, Gallaher is sharply aware that there is only limited growth to be wrung out of cigarettes in the UK and that it would do well to reinvest tobacco earnings in new areas while the going is good.

Yet, paradoxically, none of the non-tobacco businesses it has chosen is in the emergent fast-growing industries. Instead, Gallaher has plumped for comparatively mature sectors: opticals, engineering, office products, newsagents' stores, and now housewares.

"We don't want to go into high technology things that go over the top in a few years and then need new ideas to replace them," says Grierson. "We are more interested in consistent earnings. We want good cash generators that don't require too much capital investment."

This is partly because American Brands sells itself to investors as a safe income stock. As a result, it requires its subsidiaries to generate earnings which will cover at least twice its own 6 per cent dividend yield.

Beyond that, Gallaher sets several rather more specific targets for its acquisitions: they must be capable of an annual 5 per cent real growth in profits, generate at least a 20 per cent return on capital employed and must be among the top two companies in their sectors in terms of market share.

As one of the biggest houseware groups outside the U.S., Prestige seems to fit the bill nicely in terms of market prominence, yet its past performance shows that it will have to try hard to meet some of Galleher's other criteria.

Industry estimates indicate that Prestige has been losing market share steadily in the past five years, although it is still a UK market leader in pressure cookers, stainless steel cookware and kitchen tools. Until recently, its management had failed to back the development of new products which Prestige needed to hold back a rising tide of cheap and innovative kitchenware from the Far East and Continental Europe.

However, the past year has seen the emergence of an aggressive new management at Prestige. They narrowly failed to buy the company from its U.S. parent, American Home Products, following AHP's announcement last October that it was putting up for sale its housewares division, including Prestige and Ekco in the U.S., because it did not believe it would meet growth targets.

Even assuming that Prestige's new management can go on repeating last year's profits improvement, Gallaher's £49.1m bid, standing at a 90 per cent premium over Prestige's £25.8m net assets, represents a hefty payment for goodwill. Stuart Cameron, Gallaher's chairman, admits that the price is high for what has been a relatively static business. But he adds: "We like the management and we feel that the company is equipped with the right position in the market with the right brand names."

Indeed, Gallaher has been prepared several times in the past to pay a high price for a well known name "wherever we see there is a strategic imperative," says Grierson.

Gallaher's inclination to go for well-established brand names like Ofrex, and Dollond and Aitchison in opticals, is rooted in its experience in tobacco where its survival has depended above all on its ability to market a name. The assumption behind its spread into new areas is that the same marketing skills can be successfully applied to non-tobacco businesses.

That does not mean that packets of Silk Cut will from now on carry advertisements for pressure cookers, but it does mean that Prestige will have access to the considerable resources of Gallaher's marketing department.

"We want them to be an independent and proud team—but not so proud that they don't seek support and advice occasionally," says Grierson.

The real weight of Gallaher's support is likely to be in funding acquisitions. "We want Prestige to become a significant part of the Gallaher group," says Grierson.

Dolland and Aitchison, the core of the opticals division, which it acquired in 1970, has funded all its acquisitions from its own cash flow. But Gallaher helped its Ofrex office equipment arm to buy the Eastlight box file maker last year for £4m and may offer the same facility for Prestige's future acquisitions. In the past three years Gallaher and its subsidiaries have spent £80m on buying non-tobacco companies.

Beyond marketing and financial support and the requirement to report annually to the Gallaher board, the Prestige management will be on their own—an arrangement in line with the "arm's length" way in which Gallaher runs its other subsidaries and is itelf managed by American Brands.

All independent management teams need to be kept on their toes, however, which is why a quarter of the pay of most senior executives of Gallaher's subsidiaries is linked to profits. In a new version of that theme for Gallaher, Prestige's management is acquiring 5 per cent of the company's equity, which they will be able to sell to their new parent after five years at a price linked to performance.

Like other tobacco companies, Gallaher's diversification plans have run into the occasional snag and its corporate patchwork contains one or two pieces that seem hard to match.

There are no immediate plans to pull out of these areas, but Grierson adds: "Every single part of the Gallaher group could conceivably be sold."

The company has not yet set a limit on how far it will spread, neither has it set a formal target for how far it will reduce its dependence on tobacco. "That would only be demotivating," says Grierson.

"But it's unlikely that we will go out and buy another huge tobacco company. And I don't think we will be adding a major new leg to the group in the next year or two now that we have got Prestige. One always goes through a period of digestion. After Ofrex, we waited for two years before the next major acquisition—and we aren't in a hurry this time."

Semiconductors

How Dave Wood lobbied for a £15m start-up

BY TIM DICKSON

NEXT TIME you find yourself in an American hotel lobby, watch out for Dave Wood. The 40-year-old Californian makes a habit of button-holing British venture capitalists, introducing himself politely, and then persuading them to part with significant sums of money for his new enterprise.

Wood's boldness paid off yesterday when the Scottish Secretary, George Younger, announced in London that a £15m package of private venture capital and government grants has been put together to back Integrated Power Semiconductors (IPS), a high technology company being started by a team of American executives and based at Livingston, near Edinburgh. (The "brain drain in reverse," as a PR man put it optimistically.)

If all goes well, the substantial investment will bring at least 350 jobs to Scotland over the next five years and add to that country's reputation—already reflected in the term "Silicon Glen"—for attracting more than its share of high tech industries (IPS aims to capture a significant slice of the worldwide market for specialised power control integrated circuits, a sector of the market which it feels is neglected at present).

Major start-ups, however, do not happen overnight and IPS would probably not be on the launch pad today without the determination of Wood and the role played by 3i Ventures, the venture capital arm of the Investors in Industry Group and leader of a major syndicate of private UK institutional investors in the company.

Wood's familiarity with hotel lobbies began over a year ago when he announced himself out of the blue to Peter English, an executive of 3i Ventures who was on a business trip in California at the time. He outlined his plans, found a receptive listener prepared to take them back to the UK, and a relationship developed which finally bore fruit in yesterday's announcement.

Wood, however, arguably displayed even greater "neck" later in the year when he suddenly decided that the only way ahead was to meet the top man from the Scottish Development Agency (SDA), the Government-backed industrial development agency, which he had hitherto been lobbying with unsatisfactory results. He telephoned five SDA offices round the world in an effort to get Dr George Matheson's itinerary, subsequently climbed aboard the next plane when he had tracked him down to Houston, and intercepted his man as he was leaving the hotel for another business meeting.

"I sat in the lobby listening to a bunch of fellows with Scottish accents," recalls Wood, "and decided that one of them must be Dr George Matheson. He agreed to see me and introduced me to all the right people."

Determination

Wood's own investment in money and time—£400,000 from his own pocket and the 14 months since he left his last employer, Silicon General—represent the sort of personal commitment which makes venture capitalists feel happy and secure. The company, he says, could have been started from California. But Wood wanted a European base to attack the European market and (more importantly) wished to avoid the current "revolving door" labour market in California where bright people move on as quickly as they are recruited.

But while his personal determination has been an important factor, the deal would not have proceeded without 3i Ventures' ultimately successful efforts to put together a syndicate of venture capital investors. Venture capitalists are often reluctant to back mere ideas let alone ones on this scale, so the sums involved in IPS could only have been raised by spreading the risk.

Explains Peter English who, together with his 3i colleague Bernard Fairman, spent "the equivalent of one man year" on the project: "Dave Wood went to California last August to recruit his management team and came back to see us in October. At that point we agreed that we would lead the syndicate and immediately started putting together what we called a 'Due diligence document.' We tried to answer all the questions which an institutional investor might have asked, wrote them down on paper, and made a presentation to about 10 other potential institutional backers last November. They all went off to study the document, we got our first reply before Chrismas, and closed the deal at the end of January."

English stresses that 3i Ventures also significantly reahaped the financial assumptions of Wood's original business plan—a point which the new IPS managing director readily concedes. "Originally he wanted £10m and was not planning to break even until year six," explains English. "We reduced this to £4½m initially with an agreed second tranche 18 months down the line. We also changed the early product mix so that if all goes well break-even should come in year three."

Some institutions were apparently turned away but the final line-up for the initial tranche of £4.5m reads: 3i Ventures £1.35m; Newmarket (Venture Capital), the publicly quoted concern which has close links with stockbrokers Cazenove, £1m; Scottish Development Agency £700,000; Charterhouse Japhet £500,000; the APA Venture Capital Fund £400.000 and CIN Industrial Investments (owned by the NCB pension fund) £300,000.

3i Ventures, which now has 28 companies in its portfolio of which only one has been written off and which include the well publicised successes, Rodime and LSI Logic, stresses the importance to venture capitalists of backing the right teams.

Wood and his three colleagues are all semiconductor professionals from various leading Californian integrated circuit suppliers but besides their technical qualifications, Wood has been anxious to find out if they would adapt well to living in Scotland. 3i is impressed, for example, that the team's wives have all visited the Livingston area to inspect their new homes.

THE ARTS

Rock concerts in Berlin

Antony Thorncroft

West Berlin is a vulnerable place, vulnerable politically surrounded as it is by an alien creed, and vulnerable socially, with a declining and ageing population. It has elements of a frontier town, where new ideas arise to challenge the frozen stasis, but a frontier town locked by recent history into the past.

This makes it artistically one of the most exciting places in Germany. The Federal Government is generous to West Berlin and heavily subsidises its budget. In its turn the regional authority recognises the importance of the arts in keeping up the morale of Berliners. It sends over £100m a year, as much as the Arts Council, although around £15m goes to support the churches in the city.

Even so the opera house gets around £15m a year (more than Covent Garden) and the Berlin *Philharmonic £4m . . . The State* Theatre receives £8m, and 14 other theatres share £12m. Even the commercial theatres can qualify for state aid if they present some challenging plays in their repertoire.

Indeed it is the very reasonableness of it all which distinguishes the arts in Berlin. If a theatre group can prove it is serious about its commitment to *drama it is likely* to receive aid, but in a practical form: a rehearsal hall; a venue for performances; equipment. Twenty-five theatrical groups are subsidised in this way.

It is the same in music. Berlin will help rock bands—with studios, instruments, etc. Each year £150,000 is paid out, with such challenges as an annual competition, (which last year attracted 240 entries) for pop groups, the five winners receiving £3,000 each. One band supported in this way, The Happy Dead Men (a typical Berlin name) includes British musicians who have settled in the city.

The generous support for the arts has worked, and the city is a magnet for West German artists. Indeed culture is one of the biggest industries in the region, with the opera house alone employing 1,300 people, who eat up 80 per cent of the budget in fixed costs. There is an abundance of abandoned warehouses and factories in Berlin which are taken over by artists, sculptors, bands, and theatrical groups. After the squatters riots of the late 70s the city has learned to love the "new" arts, and to treat them as an asset rather than a cancer.

In popular music Berlin was innovative with "industrial" rock, but today British bands have recovered their dominance. The major venue, the Metropole, proudly displays the British charts marking the groups that played Berlin when they were little known and drawing attention to their next visit.

This month the variety was displayed on successive nights when I saw Paul Weller's Style Council and that old rocker Joe Cocker, who has an enormous following. His agonised delivery has him sounding these days rather like Louis Armstrong and it is hard to know whether the flailing arms, the strained voice, and the Samson Agonistes staggering on stage is real or affected. Even if the latter it convinced Berlin that Cocker is a great soul singer.

By coincidence Paul Weller started his act with Tracy and the Soul Spot. This ex-Jam guitarist now attempts to give a broad musical experience, with jazz funk instrumentals as well as commercial pop songs. He is very much the anchor to the enterprise, even when performing with a bandaged arm and no guitar. It was his undoubted charisma which made The Jam seem important but I doubt whether his current blander approach will satisfy his old audience or bring him success in the pop mainstream.

Book Review/Antony Thorncroft

Crisis in the Club

The Culture Club: Crisis in the Arts by Bryan Appleyard. Faber and Faber, £9.95 hardback; £2.95 paperback. 128 pages

Whatever shortcomings there may be in Bryan Appleyard's mordant look at the arts industry timing is not one. Its publication coincides with the Arts Council's biggest change in strategy in its history, switching resources from London to the regions. It should be a topical commentary on this major shake up in the arts.

It is not because, as far as can be made out, Appleyard is not impressed by the Arts Council, or indeed with the arts. A modern Savonarola he preaches in an orotund, convoluted, style against anything that comes between the artist and his creation—money, institutions, critics, but in particular the Arts *Establishment*, the moghuls who have waxed famous on the arts boom of recent years. It is an odd approach from an arts journalist who also feeds off the monster.

It is fun to watch him snare the big names into ridiculous definitions of the function of art and undoubtedly the awe with which the arts are held today has enabled hundreds of jokes to be played upon the community in their name. But Appleyard is happiest at debunking. He comes up with no suggestions. It is not quite clear whether he would do away with the Arts Council, Covent Garden and all, given the chance. He seems to say that great artists just cannot help creating and if no one acknowledges their work, so be it.

For Appleyard the arts are suffering a decline, although he seems keen on modernism *which was the movement which* most alienated the people from the arts. It is good to get an occasional counter to view to the soft consensus in the arts, a voice that speaks out against huge arts complexes, forced feeding of the arts to a sceptical public, the convolutions of the critics as they try to praise the second rate, the way that style has taken over from content, the catalogue from the exhibition, the elevation of the arts into a religion, a cure for social and personal ills. But it is easier to knock down than to construct, and by its lack of creathive thought, and its opaque style, Appleyard ends up by alienating you from his solitary stance. The Culture Club may be too cosy but you can see why they would not ask him to be a member.

JVC to sponsor jazz festivals

JVC (Victor Company of Japan) is to sponser four major international jazz festivals in Europe and America for an initial three-year period. The festivals will include the Capital Jazz Parade in London, from July 16 to 21, and the Newport, Rhode Island, Jazz Festival in the United States.

The company will also back the Grand Parade du Jazz in Nice (July 6 to 17) and the Bad Segeberg International Jazz Festival in Germany (July 10 to 12).

Television/Christopher Dunkley

The love and logic of work

Rolling steel sheets by hand in Ebbw Vale, 1932

We are lucky enough in Britian to have genuinely entertaining series on television fairly often; not all as good as *The Jewel In the Crown* of course, but highly entertaining nonetheless. Nor are fascinating documentary series abnormal: *The Living Planet* which ended last week with a sombre warning, unusual from David Attenborough, about the most dan*gerous animal* of all—man—was an outstanding example, but good documentary series are not all that unusual. What is remarkably rare is a series which one could honestly say was important. On Friday BBC2 started just such a series.

Called *All Our Working Lives* it consists of 11 one-hour programmes devoted to "The Shipbuilders," "Cotton People," "Planemakers" and so on telling the story of "Britain at work in the 20th century." Put like that it sounds simple to the point of banality, and some may feel that with programmes such as *Man Alive, The Money Programme, World In Action* and various series about particular industries over the years, the subject has received ample attention.

My own feeling is that work, *the central element* in the majority of lives, has been treated with extraordinary casualness by television. True, there have been programmes about particular jobs but almost always chosen for their peculiarity: the glamorous, the dangerous, the exotic.

Those occupations which have involved the overwhelming majority of the workforce—*ship building, mining, farming,* retailing etc—have never, so far as I know, been systematically investigated by television. This is especially mystifying since work was the primary preoccupation of the leading documentary film makers in the great days of cinema: Grierson, Rotha, the Post Office and Coal Board film units all concentrated on work.

But television's preoccupation has been with the social side of life: housing, health, education and the like. Associated occupations such as teaching, medicine and social work have received endless attention, but those other, often older, occupations have been ignored in a disgraceful way. Now producer Peter Pagnamenta has not merely filled the gap but done so with a wonderful series which has immense historical scope, tremendous depth of human interest, and—thanks largely to the even-handed manner in which it represents owners and workers, management and unions—important messages for British industry.

Structurally the series resembles *The World At War:* archive film and occasional still pictures are punctuated by recent interviews with people who worked in the relevant industry. Having been invented by television the form is particularly well suited to the medium though naturally it has its shortcomings. For instance relying on archive film (marvellous though much of it is) means that you cannot go back far beyond the 20th century, though this series might usefully have started with one programme about the 18th century origins of the industrial revolution since evidence within the series often suggests that some of Britain's difficulties resulted *from having* been there first. And if there happens to be very little film of some particular activity—people doing their daily shopping for example—then that section will inevitably look thin.

However, having watched eight of the programmes I have no doubt that the strengths are far greater than the weaknesses. A documentary programme is not a history book, but the reverse is also true. No book can achieve the impact of seeing the Duke of Edinburgh opening Shotton steelworks in Coronation year and then dynamite levelling it in 1982.

There is an extraordinary power in the simple business of watching an old black and white documentary film with a young man or woman working away then cutting to an interview in full colour with an elderly person who, you suddenly realise, is the very person who was wielding that hammer or stretching that cloth: it is the essence of history, and *All Our Working Lives* uses it repeatedly.

In "The Shipbuilders" Alf Senior who we see knocking the wedges out from under the *George V then tells us of the* difficulties he had in doing just that. Milly Howes today talks us through film of herself building bi-plane fuselages in the First World War in "The Planemakers." Having frozen on a picture of Phillis Evans during the Second World War helping to beat the record by building a Wellington bomber in 24 hours 48 minutes we hear her rem*iniscing today*

There is a sharp poigancy in the vivid realisation that habits and hardships, attitudes and conditions which one had considered a long dead part of Dickensian history are actually a part of the youthful experience of people who are not only still alive but who don't even look especially old. More, it is shocking to hear Clifford Hartley in this day and age telling us in "Cotton People" how he started in the Lancashire mills at 12, or Marjorie Clarke in the car-makers' programme, "The Track," describing with seemingly perfect recall how she was laid off at a moment's notice *just six weeks* before she was due to be married.

Not that the memories are all bad. One of the best programmes in the series is the one about steel production called "The Inheritance" which conveys as no film or book has ever conveyed to me the arcane nature of making steel by the open-hearth process. There is something overwhelmingly Wagnerian in the sheer size of the undertaking and something magical about the "first hands" who made the steel without any instruments.

The pride taken in such expertise surfaces again and again, not only in the big industrialised processes but in such simple matters as weighing out groceries by hand or ploughing a straight furrow using horses. Though it never actually enunciates such conclusions (not prior to the final "Hindsight" episode which I have yet to see, anyway) the series makes very plain what a two- or even three-edged weapon this pride can be. It clearly provided job satisfaction: the very look on their faces as old people remember their complicated skills tells you that. But those skills were jealously protected, often with results that served neither the industry nor the workforce in the long term since the protection meant demarcation disputes and obstruction of new machinery which could bypass old skills. Foreign competitors with no such skills to protect often overtook Britain.

But if that is saddening, how much more so is the perpetuation by management of the "us and them" attitudes which could so easily have been altered. The illustration in the opening programme of whole train-loads of the management's friends and relations going to the shipyard to stand uselessly on the launching platform while the workers who had actually built the ship launched *it without even a single word* of thanks could hardly have been more graphic.

And although one of the strongest impressions imparted by the series as a whole is the speed at which such matters have improved since the war (it seems scarcely credible that *textile workers so recently had* to take their own lunch into the factory and sit on the oily floor by their machines to eat) it is also clear that the Germans and the Japanese are still a generation ahead in the business of breaking down social barriers at work.

In the end perhaps the greatest strength of *All Our Working Lives* is that without *preaching or brow beating* it makes the viewer think about such matters as the deep conservatism in British industry, from board room to shop floor; the widespread contempt for marketing and selling; the way in which attitudes are locked into complex industrial processes, making change horribly difficult; and the depressing way in which warfare seems to have *been the only factor able to* both unite all personnel and to revivify industries from shipping and aircraft to steel and chemicals.

For anyone whose particular interest is the television industry the launch of this series at this time is especially ironic. *All Our Working Days* reveals a repetitive pattern in British industry: early and wide success often amounting to world leadership, followed by easy profits causing a paralysing complacency among management, a failure to re-invest and modernise, and a tendency to ignore the workforce; and among the workforce and unions a pride in skill which was allowed to develop into demarcation disputes and eventually a near Luddite protectionism against virtually all modernisation.

Britain's television industry, one of the world's first and much admired abroad, is at the end of the first section of that pattern. Now with new prospects for cable and satellite it looks as though innate conservatism will throttle cable at birth, and Equity has slipped *into the familiar union attitude* with threats to ban all British programmes if their demands on protecting British quotas and pay are not met.

Halle Orchestra/Barbican Hall

David Murray

With their guest conductor Zdenek Macal, the Hallé Orchestra visited on Monday with Bruckner's Fourth Symphony, the "Romantic." This was, I think, the first time that Bruckner has been played in the Barbican; with no direct comparison possible, one couldn't guess whether the biggest brass climaxes are fated to sound strident there, and the woodwinds—not counting the sturdy Hallé horns—to be regularly submerged. On the other hand, Macal drew much quiet playing from the Orchestra that was well-balanced and shapely, and the fine viola and cello sections kept the deeper diapason vital.

Macal took a hard-edged line with the Symphony, not at all indulgent but not insensitive either (though he found the violins unresponsive—time and again, the lower strings made more graceful sense of the same musical material). Tempi were judiciously held, granted a suspicion of un-Brucknerian haste toward the sonorous peaks, and the grand proportions of the work were sculpted with confidence. A cool, creditable performance, sometimes imposing; the Finale didn't gather all its cumulative power. The tenderness in the music emerged only in a gingerly fashion, perhaps simply because the players need to live with it longer.

Volpone/The Pit

B. A. Young

The salty humours of Jonson's matchless comedy last happily throughout the four hours of this uncut production, *seen at Stratford last season.* At the heart of it is Richard Griffiths's magnificent Volpone, in a series of deceitful acts — first as the pretended invalid whose condition makes the foolish rich of Venice ply him with wealth in the hope of recovering it on his death; next as the flamboyant mountebank selling medicine in the street where he can win the attention of the lovely Celia; later as a Comendatore in the court which is busy hearing a bunch of cases that clear up all the complications of the plot and reward evil doing with suitable punishment.

Bill Alexander's direction squeezes every possible laugh from the script, often by treating what seems to be a casual remark as a basis for action. An extreme case is Celia's exclamation at the scene of her attempted seduction. "Lord, what spirit is this that has entered him?" This turns out as a whole-hearted prayer, complete with a devotional cross. Another case comes up when Celia (Julie Peasgood) makes her departure from this dangerous chamber — she and Bonario go by one door, but re-enter as soon as we have got our breath back and cross the room to leave by another.

Miles Anderson is a first-class Mosca, clearly deceitful to see and to hear, yet able to fool everyone with his quick wit. Volpone's three victims are excellently done—Henry Goodman's Voltore beaky and acquisitive, John Cater's deaf greybeard of a Corbaccio often unaware of the crises surrounding him, John Dicks's Corvino relapsing into well-earned distress as his tricks catch up with him. There is an excellent performance by Bruce Alexander as Sir Politic, smooth and English, well squired by James Fleet's Peregrine, concealing his sophistication below a mask of naivety. Gemma Jones has chosen to make Lady Would-be a Cockney where I think she should be a County lady, but it's fun anyway.

The production is played on a *plain* set by Alison Chitty with Volpone's bed amidships, becoming other things as circumstances develop. Everything goes very fast, though I could wish the scenes with Volpone's pets could have gone faster and used up less time. If I have made the evening sound like nothing but a riot of laughter, let me end by saying that the glorious poetry with which Volpone woos Celia is superbly spoken.

Alastair Muir

Richard Griffiths

Dead Romantic/Soho Poly

Martin Hoyle

Quite early on in Jacqui Shapiro's long (1½ hours) one-acter I asked myself why I liked her four perfectly ordinary characters; and concluded that it must be because she regards them with affection herself. *Even the statutory chauvenist* pig is demolished with humour rather than invective, to devastating effect. Conversely, the male sympathiser with feminism is not without his wimpishness or indeed vanity; and her two girls are rueful, exasperated, hopeful and resigned in turn. Even towards the odious she shows the strict fairness of Jane Austen.

Ms Shapiro has previously shown interesting ideas not always followed through by character development. Here her rather joyless sexually exploratory quartet are well-defined. Publisher Lucy, worried about her skin-tone and thighs, is determined to "be fertilised" in her desire for a baby, while stoutly defending her single state. Privately she holds conversations with a fantasy partner: "'I love you.' 'I love you too.' 'Let's go to the estate agent's tomorrow.'" She eventually creates an imaginary Islington stripped-pine kitchen, bean and lentil-jars in evidence, with a dream partner who can share The Guardian and *Panorama* with her.

Cool Rebecca is detached, but hopes to find a kindred spirit. The earnestly liberal Simon ("All I've read for the past six months is feminist books"), *when not apologising for being* a man, almost fits the bill. His flatmate Luke who coincidentally picks Rebecca up for an affair (ensuing cross purposes mark a slightly contrived plot) is a suave philanderer. His apparent considerateness for his partner masks boundless sexual selfishness, complacently and hilariously revealed.

As a writer, Ms Shapiro seems to have left the shadow of Sarah Daniels for the benign influence of Posy Simmons; and is no less formidable in the sex war for that. She is helped, in Debbie Shewell's production, by convincing performances from Sara Mair-Thomas as the quizzical Rebecca and Tricia Kelly's robustly yearning Lucy (a little more vocal variety, please). Above all, William Gaminara's beautifully subtle and unexaggerated Casanova, murmuring, "To us—you're a very special woman," adding in bland unawareness of his own absurdity, "we communicate so well," somehow gives the character a past, a background and a philosophy of tackily charming egoism.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 13–19

Theatre

TOKYO

Cats (Cats Theatre). The specially built tent theatre, excellent set, good dancing and Kabuki-originated movement all make the Japanese version worth seeing. Shiki company, directed by Keita Asari. (320 1001)

Kabuki: Mumazu, Sonezaki Shinju or Double Suicide at Sonezaki (Kabuki-za). One of Chikmatsu's most famous plays based on a true incident. English programme details, simultaneous earphone commentary. (541 3131)

Kabuki: Go-hiki Tsunagi Uma, or Pulling the Tethered Horse (Meiji-za). This production is reputed to have cost Y10m ($44,000) and tells the story of a man who disguises himself as various warriors, and a spider in order to avenge his father's death. (667 5151).

LONDON

Loot (Ambassadors): Leonard Rossiter is a wonderful Truscott in Jonathan Lynn's enjoyable revival of Joe Orton's farce in which a leading role is played by a mummified corpse. The versatile Gemma Craven plays the Irish nurse who is open to offers and party to crime. (836 1171)

The Aspern Papers (Haymarket): Vanessa Redgrave and Wendy Hiller give superb performances in Michael Redgrave's 1959 version of Henry James's story. The inquisitive scholar who descends on their Venetian palazzo is played, ponderously, by Christopher Reeve. (930 9832)

A Streetcar Named Desire (Mermaid): Sheila Gish gives the performance of her life as Blanche Dubois in Alan Strachan's excellent revival, first seen last year at Greenwich. Tennessee Williams's emotional roller-coaster of a play amounts to one of the best evenings in town. (930 6123)

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (930 2578).

Pack of Lies (Lyric): Judi Dench in a decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor.

Saint Joan (Olivier): Staid and stolid National Theatre revival of a play that is finding it increasingly hard to live up to the tag of Shaw's masterpiece. Frances de la Tour is sincere and unrhetorical to a fault as the maid, and Ronald Eyre's direction includes medieval pageant, some striking music by Ilona Sekacz and, alas, a disastrous deputy inquisitor from Cyril Cusack. (928 2252)

See How They Run (Shaftesbury): The line is not, after all, "Arrest some of these vicars" (as Tom Stoppard thought) but "Arrest most of these people." Philip King's 1945 farce is one of the funniest plays in English, a veritable period classic, and Ray Cooney's revival is, on the whole, splendid. A village prude sips too much sherry and finds the stage awash with clergymen, some of them genuine. The farceurs include Maureen Lipman, Derek Nimmo, Michael Denison, Christopher Timothy. (930 8577)

VIENNA

Royal Shakespeare Company: *Much Ado about Nothing* at the Burgtheater with Sinead Cusack and Derek Jacobi. (5324/2856); Edward Bond's Lear at the Schauspielhaus (340101).

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000).

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

The School for Scandal (Folger): With Dawn Spare as Lady Teazle and Lilene Mansell as Lady Sneerwell, Sheridan's "delicacy of hint and mellowness of sneer" comes to give inspiration close to the nation's capital in a production directed by Allen R. Belknap (546 4000).

End of the World: With symposium to follow (Eisenhower): John Shea stars in the world premiere of Arthur Kopit's autobiographical play about a playwright being commissioned to write about nuclear disaster, with Barnard Hughes as the commissioning billionaire, as directed by Harold Prince. Kennedy Center (254 3670).

Nine (Opera House): Sergio Franchi, who rode out the Fellini role in the Broadway production of the musical based on 8½ takes to the road with Maury Yeston's good tunes and Tommy Tune's delightful scenes in an Italian bathhouse. (254 3770).

The Mayor of Zalamea (Folger): Calderon's 17th century drama of a peasant elevated to deal with aristocratic choices of justice and honour features John Wylie as the peasant and Margaret Reed as his daughter, directed by Michael Bogdanov. Ends April 29. (546 4000).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaite Parisienne, but the intimate moments borrowed direct: An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the apropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Der Schein trügt / Bochum

Ronald Holloway

The combination of playwright Thomas Bernhard, director Claus Peymann and actor Bernhard Minetti is practically unbeatable on the West German theatre scene. Once, after the actor had interpreted the role of the circus director to perfection in a 1974 Salzburg festival production of *Die Macht der Gewohnheit* (The Force of Habit), the dramatist tipped his hat in gratitude to his alter ego by penning a monologue for the stage simply called *Minetti* (1976), staged, of course, by Peymann. Then came the sequel, *Der Weltverbesserer* (The World Reformer) in 1979, in which Minetti grumpily awaits a Nobel Prize committee. And now the completion of the apparent trilogy. Minetti in Bernhard's *Der Schein trügt* (Appearances Deceive), directed by Peymann in the Kammerspiele of the Schauspielhaus Bochum and selected by a jury of German-language critics for inclusion in the forthcoming *Berliner* Theatertreffen.

Bernhard Minetti, now 79, plays an 80-year-old retired circus juggler, Karl, who accomplished the astonishing feat of doing his bit with 23 plates on the wing. He retired at 50, rather than face the possibility of embarrassment before a public he could always hold in the *palm of* his hand. For the next 30 years he lived in semi-seclusion with Mathilde, whom he never bothered to marry in order to assure that he could make it through the rest of his days on meagre savings. Mathilde has recently died, but her presence is felt in every line of Karl's hour-long monologue as the aged artist awaits the arrival of his brother, Robert, a retired actor.

Each Tuesday, Robert comes for a visit – always late, which constantly irritates Karl; each Thursday, Karl dresses to pay a visit to Robert. What Karl muses on and what he discusses with Robert (mostly singing the praises of Voltaire) form the play's dramatic issue: this *Dramolette* (as Bernhard has categorised the nearly three-hour-long, two-act play) shifts subtly from comedy to tragedy, from love to hate, from past to present, from life to death. Arguably, only one actor on the German stage could run this complex gamut of feelings in a performance that spellbinds from start to finish – Minetti, a Rock of Gibraltar at fourscore *whose powers of memory are in*deed extraordinary.

Claus Peymann's approach to this nonstop stream of consciousness is to give Minetti plenty of room to manoeuvre his modest living quarters in the intimate Kammerspiele, like a Methuselah sorting out the decisions that eventually set the full course of his life. The whole first scene is devoted to the ritual of getting dressed – crawling across the floor in search of a lost nail file, shaving before a make-up mirror as though a final stage performance is in the offing, recalling the glory days of his artistry in contrast to his brother's bows at the Burgtheater in Vienna in "miserably translated" Shakespearean productions (Voltaire is preferable to Shakespeare in any case) – as Karl waits for Robert in a state of increasing irritation, an aged lion pacing a cage of his own making.

Thomas Bernhard ranks as the leading German language dramatist on the scene today. One can associate him regularly with Beckett, and *Pinter and Chekhov, for the* hints are there in the plays and the consequently directed stage productions. But Bernhard is as much inspired by a Luis Buñuel film or a great actor like Minetti to pen his own tributes in masterful poetic stage monologues. Over the past two decades, he has won a score of literary prizes for poetry, prose, and drama. An Austrian, Thomas Bernhard is the beacon in German and Middle European theatre.

Claus Peymann and the Schauspielhaus Bochum are generally reckoned as second in German theatre only to Peter Stein and the Schaubühne am Halleschen Ufer in West Berlin. Peymann is favoured to accept an offer to manage the Burgtheater in Vienna – although several cultural officials are said to be wooing him for other established German theatres.

FINANCIAL TIMES

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High stakes in West Germany

YESTERDAY'S rift between German employers and the country's biggest union, IG Metall, could not have come at a more unfortunate juncture—for Germany, for Europe and even for the world as a whole. The threat of a nationwide strike over the union's demand for a shorter working week has been the one dark cloud over an economic and political outlook more attractive than any seen in Germany for several years. As Monday's unusually sanguine report from Germany's five leading economic institutes indicated, the prospects for growth, exports and jobs are better today than appeared likely even a few months ago. But the fledgling recovery is still far from secure, and if the threat of a strike turns into the reality of widespread industrial disruption, the careful husbandry and good luck which has contributed to the growing optimism in Germany could go to waste.

For the most significant aspect of Monday's economic report is also the one most likely to be threatened by any outbreak of industrial warfare. This was the confident tone of the country's habitually gloomy economists. Even more than the upward adjustments in the growth and balance of payments forecasts, this resurgence of confidence, which can be attested by anybody who has talked recently with German industrialists, is a development of great importance, and not just for Germany.

It could mark a major transition from a slump into political and economic self-doubt which was never really justified by objective circumstances or events.

This psychological transformation has enabled Germans to speak confidently again about their ability to compete industrially against the Japanese and to offer political leadership in Europe. If the new optimism can survive IG Metall's challenge, it should, in time, contribute not only to a better balanced worldwide economic recovery and to a more rational alignment of international exchange rates, but also to a more equal, and therefore healthier, relationship between America and Europe.

But for these very reasons, the stakes are exceptionally high for the German unions and employers in the days ahead. There is a peculiar feature in the improvement of economic conditions, which has led the institutes to forecast GNP growth of 3 per cent, after 1.3 per cent in 1983, a current account surplus of DM 20bn against DM 10.1bn, and an employment growth rate of 0.5 per cent, against a 1.9 per cent fall.

Acceleration

The peculiarity is that the current recovery owes more than any other in post-war German history to a seemingly spontaneous upsurge in business investment and stockbuilding. In fact, corporate demand accounted for almost the whole of the acceleration in GNP growth during the course of last year. Clearly a recovery built on the corporate sector's confidence, rather than on a fiscal stimulus from the Government or a spending spree by consumers, is particularly vulnerable to the trade unions' threats.

Admittedly, the strength of exports, on which Germany traditionally relies to pull its economy out of recession, has built up over the past few months. Indeed, the recent sharp improvement in export performance has been the main factor behind the upgrading of the German economists' forecasts.

The biggest positive impact on the institutes' forecasts has come from the unexpected strength of the other European countries, which have always been Germany's most important markets. Yet the growing confidence in these countries is profoundly influenced by events in Germany itself.

A strong lead from Germany could help lead Europe to a period of balanced, self-sustaining growth. This would provide a more reliable basis for worldwide economic prosperity than the deficit-induced boom in the U.S. It would be a tragedy if such high hopes were set back by an industrial dispute on working hours—an issue which would in any case become less relevant as the recovery progressed.

The vote in Brazil

THE question of whether the Brazilian electorate should vote for their next president directly or through an electoral college is generating a great deal of heat in Brazil. On Monday the industrial capital of the country, Sao Paulo, was brought to a halt as hundreds of thousands of people poured into the city centre to demand that the elections should be direct. Last week something similar happened in Rio de Janeiro as the opposition mobilised its supporters in a forceful warning to the Government.

Paradoxically the Government itself seems none too sure that its preferred path, the use of an electoral college where its supporters would have an advantage, is the best one. Vice-President Aureliano Chaves has come out publicly against the electoral college and, in an unguarded moment, President Joao Figueiredo himself let slip that he personally thought that direct elections were the better option.

The arguments that the Government put forward against direct voting never looked strong. The hardliners in Brasilia said that the country was not ready for direct elections and that the political parties were too immature to take part in the choosing of a head of state. They argued that the 668-member electoral college would have been a more responsible instrument for selecting a President. What they did not often add was that the college itself was badly split — not to say deadlocked — on who the new President should be.

The hardliners' arguments look all the weaker for the latest announcement by President Figueiredo that the Presidential term should be cut from six to four years and that the Government could not ignore the manifest wishes of the nation.

Congress will now vote on the constitutional amendments suggested by the President. The outcome of that voting will be of more than local interest. How Brazil conducts its affairs in the coming years is of crucial importance to the developed world whose banks have nearly $100bn out in loans to Brazil.

Sacrifices

It is vital that whatever sacrifices need to be taken by Brazil in order for it to meet its foreign obligations, be imposed by a president who enjoys the support of the broadest possible sector of the population. It would be a recipe for instability if an austerity policy were to be imposed on an unwilling country by a head of state chosen in a way that most Brazilians found unacceptable.

Yesterday the opposition leader, Sr Ulysses Guimarães, declared: "Direct elections may not solve all our problems, but 20 years of indirect elections have solved none of them." He was indulging in hyperbole. But there was a grain of truth in what he said.

Smiley's people

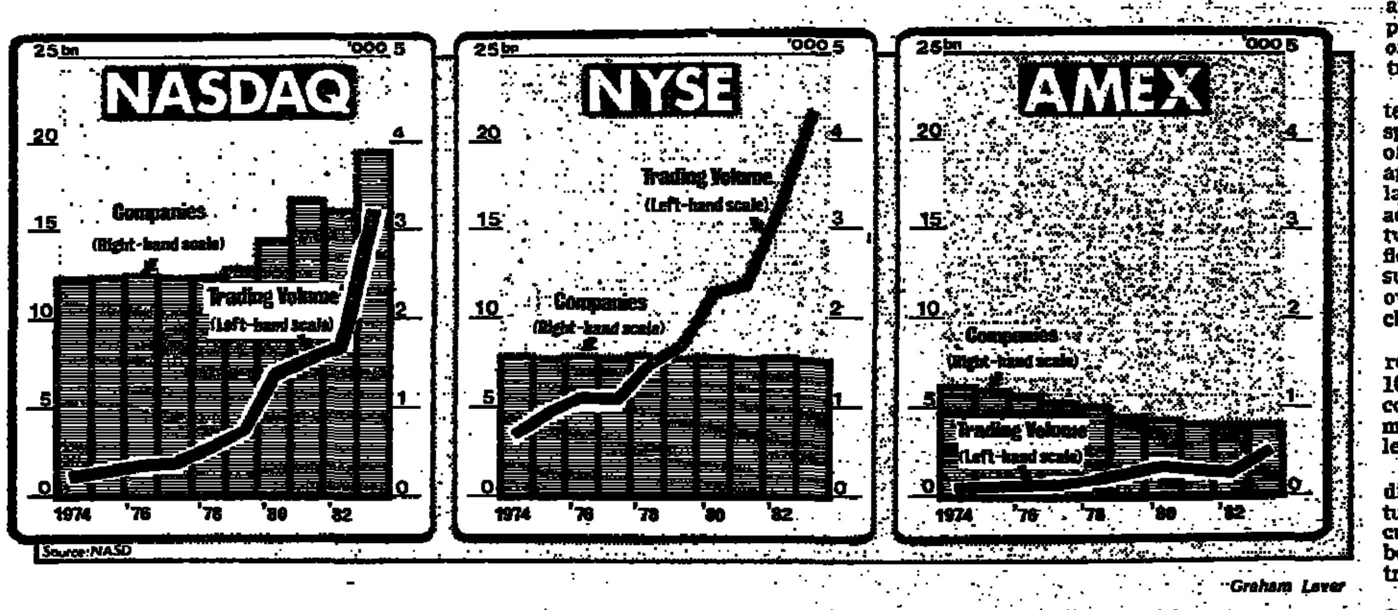
ESPIONAGE and counter-espionage seem to be part of the British way of life; Mr John le Carré has written about it and Sir Alec Guinness has enacted it on television. There was a period when it seemed a relic of the past; Philby, Burgess, Maclean, the product of the Cambridge climate of their time.

That turns out to have been a romantic illusion. The spies go on; Mr Geoffrey Prime at Cheltenham and Mr Michael Bettaney at MI5, both without the fashionable excuses of the 1930s. On someone's part, it looks like carelessness.

In 1964 a Security Commission was set up by Sir Alec Douglas-Home to report to the Prime Minister on the more obvious lapses. The commission is likely to be asked to look into the case of Mr Bettaney. That is not enough.

Two questions need to be answered. One is why Britain goes in for so much espionage in the first place. The second is why it appears to make such a hash of it. Mrs Thatcher would be wise to appoint a new commission, composed perhaps of Privy Councillors, to keep a permanent eye on what is going on and empowered to publish whatever it thinks fit. Security, it is now blatantly obvious, cannot be left to the security forces; nor even to the Prime *Minister's discretion.*

STOCK EXCHANGE REFORM



Graham Lever

The lessons Wall Street can teach London

By Richard Lambert

MR William McGowan, chairman and chief executive of MCI Communications, does not think much of the New York Stock Exchange—and he does not care who knows it.

"If in the U.S. we were for the first time starting a public market for the securities of corporations, we would not even suggest, contemplate or discuss trading the way it's done on a stock exchange," he says contemptuously.

MCI is not listed on any recognised stock exchange. Yet the U.S. telecommunications group is one of the most actively traded shares in the world, and it has successfully raised billions of dollars' worth of new capital in recent years. This has been made possible by fundamental changes in the structure of the U.S. securities markets—which in turn carry a loud message for the London Stock Exchange as it plans to reshape its entire approach to trading.

Along with the likes of Apple Computer, American International Group and Intel, shares in MCI are traded on NASDAQ, the National Association of Securities Dealers Automated Quotations system. NASDAQ is a computerised information network which links competing market makers and broker dealers in a nationwide over-the-counter market—and its growth has been phenomenal.

In 1977, shares in some 2,400 companies were traded on NASDAQ, and the year's total trading volume amounted to less than 2 billion shares. In 1983, trading approached 16 billion shares, and there are now 4,125 NASDAQ stocks. The National Association of Securities Dealers (NASD) is gearing itself up to a capacity of 200 million shares a day within the next 18 to 24 months.

By comparison, volume on the New York Stock Exchange rose around fourfold to 21.6 billion shares over the same period, while the number of companies listed on its Big Board remained unchanged at around 1,500. In terms of liquidity, NASDAQ is now comparable to the Big Board in all but the most highly capitalised securities, and it has far outstripped the rival American Stock Exchange in most respects.

The market is regulated by the NASD under the supervision of the Securities and Exchange Commission, and is used by 5,100 member firms spread across the U.S.

"Our trading floor covers the entire nation," boasts Mr Russell Baumgardner, chairman of NASDAQ-traded Apogee Enterprises. "We don't need that marble hall."

Once considered a home only for the more racy securities, NASDAQ's status has been boosted by two key developments, which have substantially raised investors' confidence in the system. First came the introduction of market makers' actual bid and offer prices on to the NASDAQ terminals, in place of the previous much less precise price information. Since these prices are tracked and timed on the NASD's computerised surveillance system, this brought a much-needed improvement in the level of investor protection.

In 1982, the so-called National Market System was launched. This now takes in a growing list of more than 800 NASDAQ stocks, in which continuously available last sale data—identical to that available on exchange-listed securities — is displayed on dealers' terminals. This development, which was the result of pressure from both the SEC and from NASDAQ-traded companies, has resulted in narrower dealing spreads and in an increased volume of trading activity.

In last week's discussion paper, the London Stock Exchange was dismissive of what it called "an unrestricted or 'free' form of competing market-maker system." But most of its reservations would be hotly contested at the NASD's headquarters in Washington, DC.

● Such a market, the London Stock Exchange argued, would be undermined by the absence of any formal commitment on the part of dealers to make prices in reasonable amounts of stock in fair weather and foul.

Yet when the Justice Department announced the AT & T divestiture in February 1982, trading in MCI — which was significantly affected by the decision — continued uninterrupted despite volatile price swings and hectic activity. Meanwhile trading in AT & T on the Big Board was halted for well over a day.

● "Such a market would suffer from the disadvantage that trading would be fragmented and decentralised." But in the view of Mr Gordon Macklin, the NASD's president, "fragmentation is a funny word. If I am on the floor of the Exchange and have it all, and you want to take some of it away — that's fragmentation. If you are in another location and want to strive for some of that order flow, that's what many people would call competition."

● "Clients' and professional orders would tend to be dealt privately off the dealers' books," which would make the unsophisticated private investor extremely vulnerable. But this does not apply in the National Market System, where instantaneous reporting of trades is mandatory.

Yet London has a valid reason for hesitating before plunging along the NASDAQ trail. There is an average of at least five competing market makers in every NASDAQ stock, and an active issue may have two dozen or more. Some 300,000 people are licensed with the NASD to sell securities. The market's efficiency depends on this enormous spread of investor interest — which could not be matched in the UK.

Meanwhile the New York Stock Exchange is also flourishing, but its trading system has been adapted considerably to cope with the growth in institutional block trading—deals of 10,000 or more shares, which rose from 17 per cent of reported volume in 1975 to 41 per cent in 1982.

This has put a great deal of strain on the specialists—key members of the Exchange, who may act as brokers or dealers in transactions. Every stock traded on the Exchange is allocated exclusively to an individual specialist, whose main responsibility is to ensure a free and continuous market in the issues for which he is responsible. Specialists do not deal directly with the public.

As brokers, specialists execute orders for other brokers on a commission basis. As dealers they act for their own account, buying stock when no other public bids for purchases are available, and selling it when public offers to sell are not at or near the price of the last transaction.

The rise in block trading has tested the capacity of the specialist firms, a good number of which have merged or disappeared in the last decade. A large proportion of block transactions is now conducted between investment banks off the floor of the Exchange, and is subject only to being "crossed" over the specialist's book at no charge.

The specialist still has a key role to play in trades of around 10,000 shares. But when it comes to blocks of 50,000 or more, he has become very much less relevant.

Investment bankers have different views about the virtues of the specialist system in current conditions. But few believe that it could be readily transferred across the Atlantic.

For its part, the London Stock Exchange seems keen to combine both markets through a competing market-maker system in which market-makers would be committed to making firm prices in "reasonable amounts" and dealers would have to expose their orders to the floor. From the perspective of New York, this looks a distinctly confusing idea.

Without prejudging the issue, there are a number of general conclusions that can be drawn from the U.S. experience since that traumatic day in May, 1975, when fixed commissions were abandoned on Wall Street.

● Stockbrokers are poor judges of what is likely to be good for them. For instance, NASDAQ dealers were bitterly opposed to the disclosure of last-sale data, which they said would wreck their business. In the event, the fall in their margins has been more than offset by the rise in their volume.

According to Mr John Phelan, chairman-elect of the New York Stock Exchange, "almost everything we thought important 20 years ago, we now find unimportant."

● The introduction of competition makes old debates seem irrelevant. Before 1975, there was endless argument about whether investing institutions should have direct access to the floor of the Exchange. Thanks to negotiated commissions, no one cares about that any more.

● Competition shifts the balance of power. Issuing companies, hardly mentioned in the London document, have become a powerful force in the U.S. markets since they now have a real choice about where their shares may be traded. The American Stock Exchange, for example, is now permitting companies to select the specialist who will handle their shares.

Mr Arthur Levitt, chairman of the Amex, believes that "for an exchange to be relevant, it has to be much more than the passive domicile of the shares which are traded there."

Similarly, Mr Phelan believes that the New York Stock Exchange has moved a long way from the days when it was run mainly in the interests of its members. He thinks that the Exchange will eventually be a publicly-listed company itself.

● The experience of all the major U.S. markets has been that improved visibility—especially the timely reporting of volume and price data—has increased the level of investor confidence, which in turn has encouraged a substantially higher volume of business.

QUESTIONS FOR THE GILT-EDGED MARKET

THE PROPOSALS for modelling the UK gilt-edged market on the lines of the U.S. Treasury Bond market have brought three immediate reactions on Wall Street.

The first is that the idea is sensible, workable, and attractive. If it is implemented in the suggested form, there is no doubt that a number of the 37 primary dealers in the U.S. will be pushing for admission into the London gilt-edged market.

The second response is that it should be possible to switch to a system of primary dealers and yet still retain the established UK method of marketing new issues through the Government Broker. Whereas primary dealers on Wall Street make direct bids for securities at the Treasury auctions, their equivalents in London could continue to have access to tap stocks through the Government Broker.

So far, so good. But Wall Street's third reaction will be much less comforting to the authorities in London. This

U.S. Government Securities Mkt.

is the generally held view that in a market operated by highly competitive primary dealers, there is no need—and probably no room—for a stock exchange.

Trading in U.S. Treasury bonds takes place almost entirely over the telephone, in an unregulated but highly efficient fashion. There is no official price display system, and settlement is handled through the Federal Reserve Bank of New York, not the Stock Exchange. There is a bond trading floor on Wall Street, but the polite view among professionals is that it is a joke.

Central to the system is the role of the specialised inter-dealer broker, a concept which is only tentatively discussed in the London Stock Exchange's document. Through this intermediary, the primary dealers can trade with each other on an anonymous basis in enormous volume. Something like half their trading, which can run to well over $40bn in a single day, is handled in this way.

The question is whether the pressure of direct business will lead to off-floor trading in London as it has in New York—and whether anyone should care if it does.

London's argument is that the level of private investor interest in its market for Government securities is much greater than is the case in New York. Wall Street professionals can look after themselves, and are protected by the sheer intensity of competition between dealers. But private clients need the safeguards of a regulated central market—the Stock Exchange.

To this, Wall Street retorts that private investors in the U.S. at least are permitted direct access to the Treasury auction. They also benefit directly from the fact that prices are set in such a competitive environment. Spreads are tiny, and the liquidity is enormous.

But at least in the short term, it seems inconceivable that the Bank of England would be prepared to tolerate a wholesale shift in gilt-edged trading away from its beady gaze on the floor of the London Stock Exchange.

Men and Matters

Peking over Howe's shoulder

Of course, one would like to imagine that it was Sir Geoffrey Howe who was the centre of attention in Peking this week. It is, after all, a major tour abroad for Britain's Foreign Secretary, and he does have the sensitive and pressing question of Hong Kong's future to resolve.

But the truth is that his brief stay in the Chinese capital has been quite overshadowed by the arrival, on holiday, of actress Elizabeth Taylor, a more photogenic brand of celebrity.

By last night, at least, Sir Geoffrey and Miss Taylor had shown no signs of "getting together." But I cannot help thinking that some mingling of their respective schedules might have been mutually fruitful.

Would Sir Geoffrey, for instance, not have found a wind-swept morning atop the Great Wall of China a better cure for jet-lag than nine and three-quarter hours of talks with Peking diplomats? And might not the Chinese, fascinated as they no doubt were by his forensic summary of recent events within the EEC, have welcomed an interlude of intensive bilateral negotiations with Miss Taylor?

Would Ji Pengfei, venerable 74-year-old State Councillor in charge of Hong Kong affairs, have been receptive to arguments from Miss Taylor — perhaps in her persona as Maggie from Cat On A Hot Tin Roof — for the maintenance of Hong Kong's stability and prosperity?

Would Sir Geoffrey have found more congenial company in Miss Taylor's travelling companion, Victor Luna — a lawyer, like himself?

Alas, it was not to be. Sir Geoffrey carried on his own shoulders the burden of foreign policy, and leaves today for Hong Kong where he is expected to give a Press conference on Friday.

His stay in Peking has certainly been a great deal less fraught than that of Mrs Thatcher two years ago, when the Prime Minister jangled Chinese nerves and probably set back by *six months* the subsequent negotiations on Hong Kong's future.

Sir Geoffrey's visit has been all smiles, handshakes, and chit-chat. Britain and China now appear to have a common interest in a quick settlement for Hong Kong, the most vigorous objection to which is most likely to be heard from some quarters of the Crown Colony itself.

Over the next few days, Sir Geoffrey's main job must be to reconcile Hong Kong to the prospect of a severance of British authority after 1997—an agenda unlikely to promote the easiest of meetings, either in private with the territory's executive council, or in public, with its press corps.

Loss of face

The larger-than-life portrait of Mao Tse Tung no longer beams down on Tienanmen Square, the vast concourse in the centre of Peking. The spotlight which once illuminated the portrait was switched off last October. A couple of weeks ago, the picture itself vanished — another sign of the dismantling of Mao's personality cult by China's *currently pragmatic leadership.*

Tienanmen Gate, where the portrait hung, and where Mao proclaimed the founding of the People's Republic in 1949, is now swathed in scaffolding while decorators restore damage done during the cultural revolution.

The Tienanmen portrait was the last prominent example of the once widespread display of Mao's image. Maoist pictures and slogans were removed from the Great Hall of the People and the Museum of the Revolution, which form two other sides of the square, back in 1980.

The Mao mausoleum, in the centre of the square, is now being converted into a more equitable monument, commemorating other Chinese leaders, *such as Chou En Lai* and Marshall Chu Teh, in addition to the helmsman himself.

Perhaps in a bid to stamp out incipient Maoist fan-clubs, the Chinese Government recently started buying in the Mao badges which were being issued by the million in the 1960s. Readers with a Hampstead upbringing may still have a few lying around, but I would advise against subscribing to Deng Xiaoping's offer. The terms, at 5 cents per small badge, 10 cents per large one, seem less generous than the potential capital gain to holders should these political tokens acquire, by some extraordinary chance, any rarity.

Marxim's

When Pierre Cardin opened the Peking branch of "Maxim's de Paris" restaurant last September, he described it as a "place where you can dream." Certainly, if you wanted to go to sleep there nowadays, there would be plenty of room, and precious few other customers to disturb you.

In spite of serving food of *breath-taking opulence* by Peking standards, the place is often almost empty. Even the offer of a "businessman's lunch" at 60 yuan (about £20 a head), including half a bottle of wine, has failed to fill the red-plush banquettes. If you want to dine the night away — at least until Maxim's shuts at midnight—expect to pay more like 200 yuan (£70), or roughly three months' wages for the average Peking worker.

The restaurant, on the first floor of a nondescript building near Peking's main railway station, is decked out in spotless belle epoque panelling and stained glass, decorated with famous Sem cartoons depicting some of the Rue de Rivoli's more famous diners. A trio of *French senior staff are supported* by locally recruited waiters and assistant cooks.

By and large, though, Maxim's seems to be just too expensive for Peking's foreign community of diplomats, journalists and resident businessmen, who are cursed with accountants well aware of prices at the city's less ostentatious restaurants.

For the record, my own foray into the set lunch yielded a fresh salad, a plate of juicy tender beef, half a bottle of Alsace wine, and a fearsomely calorific chocolate mousse. By the standards of almost any other city, an absolute bargain for £20—with no tax, no built-in service charge and, please no tips.

Walled in

Maxim's apart, hotel and restaurant facilities in Peking have shown dramatic, if isolated, improvements over the last couple of years. The Janguo hotel, which opened two years ago, has revolutionised expatriate night-life with its smoky, late-night bar, its French restaurants — at less than half Maxim's prices —and its bright American coffee shop.

The previous generation of Peking hotels look dowdy by comparison. The Beijing hotel still has the allure of its grand public areas and its location close by Tienanmen Square. The Yanjing Hotel, where some members of Sir Geoffrey Howe's party have been staying, is *decidedly seedy—too much so,* at any rate, for the American press corps which has based itself at the glittering, new Great Wall hotel to cover President Reagan's visit.

Room at the top

A Chinese couple were being driven to Hong Kong Airport after paying a brief visit to relatives.

The Chinese taxi driver was lamenting the flight of business people from the colony.

"Are you leaving too?" they inquired politely. "No; when everyone else goes I will be the governor"

Observer

WAR IN NICARAGUA

The Contras raise the temperature

By Robert Graham in Managua

SAN JUAN DEL NORTE is hard to find in an atlas. But this week, the tiny Nicaraguan town has achieved a prominence it could scarcely have ever expected. It has become the first town of any size to fall to the Contra guerrillas, the U.S.-backed group which over the past year has transformed a hitheto desultory campaign into an increasingly effective military offensive.

Far away in Washington, Nicaragua has again this week been the centre of interest. The disclosure that the U.S., operating from ample bases across the border in Honduras, has been helping to mine Nicaraguan ports has provoked a furious political row uniting such unlikely allies as the Republican Mr Barry Goldwater and the Democrat Mr Daniel Moynihan who has resigned from the vice-chairmanship of the Senate Intelligence Committee in protest at the mining.

But President Reagan is still determined to press on with his Central Americ/n policy. Urgent aid has been rushed to El Salvador without waiting for full Congressional approval and there—as in Nicaragua—the administrat/.n is as convinced as ever of the need to resist "Communist infiltration" of a region which it sees as of immense strategic importance for the United States.

In Managua, the capital of Nicaragua, there are no signs that the Sandinista leadership, presided over by a three-man junta, plans any new concessions to the U.S. If anything, the effect of the increasing pressure from the Contras—and the mining of the ports—is to heighten the siege mentality of the regime.

The staying power of the Contra's offensive still hinges on their ability to use Honduras and, to a lesser extent Costa Rica, as bases, plus the continued access to U.S. intelligence information supplied by satellite radar and the general logistics base being established in Honduras by the U.S. military.

There are two main groups in the Contras—the Nicaraguan Democratic Front (FDN) composed essentially of former members of the late Nicaraguan dictator Anastasio Somoza's National Guard, and the group formed of dissident Sandinistas who believe that the present leadership has betrayed the revolution they fought for.

There is also a small group formed from disgruntled Miskito Indians who live exclusively on the Atlantic coast, and whose culture is not Hispanic-influenced but British and non-Catholic. Officials in Nicaragua put the Contra fighting strength at 15,000 with more than 10,000 belonging to FDN.

In the last six weeks, the Contras, particularly the FDN, have begun using helicopters and DC-3 aircraft for operations deep inside Nicaragua and they boast at least four helicopters.

In an unusually frank press conference here last week the Minister of the interior, Commander Tomas Borge said that in the previous two weeks the army and militias had suffered 219 dead and 204 wounded. Such losses are on a par with the intensity of fighting in El Salvador. He also said that there were six units operating at a strength of 3,000 or more in the north of the country in Nueva Segovia and Matagalpa provinces.

Nicaraguan officials concede that the Contras have improved their fighting capability, but claim the present intensity of combat is prompted by the need to demonstate results to President Reagan. Many of the more spectacular attacks on economic targets have been carried out by non-Contra elements, probably exiled Cubans employed by the CIA because the Contra level of training still leaves much to be desired. Appreciation of the extent of Contra activity is also the result of a new information policy. The army has decided to lift some of the veil of censorship applied to the fighting.

At least two noisy meetings have recently been held between representaives of families of dead conscripts and the Government, at which mothers complained that their sons went off to do military service in the belief that it was simple military training—only to discover that they were sent into combat.

Conscription came into force in January after volunteers were invited to sign up last autumn. Voluntary service and conscription have boosted the regular forces strength to 25,000 by about 10,000. With the militias included, Nicaragua has around 75,000 men and women under arms and can mobilise more because arms have been distributed to local defence committees.

The country is on a war footing, and a national state of emergency has been in force for two years — it is hard to tell whether this is the result of a deliberate popular mobilisation in case of a U.S.-backed intervention or a genuine belief that such an intervention will occur.

Physical damage to installations like bridges, oil refinery storage tanks, tobacco warehouses and industrial machinery in this undeclared war waged by the Contras was some $50m last year, according to one Government economist. This week the head of the three-man junta, Commander Daniel Ortega, said that this sort of damage so far in 1984 amounted to $9m. However, the later figure excludes the cost of the mining of the ports.

Such losses would have to take account of the cost of diverting container traffic from the principal port, Corinto, on the Pacific to Caldera in Costa Rica. (Four container ships a month dock at Corinto.) There is also the loss of service of the shrimp fleet which has been used heavily to trawl for mines.

The real difficulty of Nicaragua being on a war footing and being challenged by the U.S. is the lack of foreign exchange. The U.S. was Nicaragua's traditional export market for its main products—coffee, sugar, cotton, meat and shrimp. The U.S. sugar import quota has been slashed and the Reagan Administration has done its best to prevent trade with Nicaragua.

Due to U.S. pressure, multilateral aid from institutions such as the World Bank has dried up, and there is no long-term project finance. The best that can be obtained are short- or medium-term credits tied to equipment purchases. East bloc countries now account for 25 per cent of all foreign credits. Other hand-to-mouth arrangements have come from countries like Iran. The Nicaraguans can get Iranian crude at concessionary rates. Mexico and Argentina have also extended credit lines—the latter for buses, meat and wheat, the former for oil. Indebtedness to Mexico is over $200m. The country's total foreign debt is $4.3bn of which $3.3bn has been disbursed.

The shortage of foreign exchange has also forced a savage cut in imports which has been felt in industry and agriculture business. Spare parts of foreign-made goods are at a premium.

Nicaragua, despite these difficulties, had a growth rate of more than 3 per cent last year, the highest in Central America and is fortunate in having a small population in relation to its land area.

Public complaints about the Government are directed mainly at the shortages. Recently it has been toilet paper, and powdered milk.

This disaffection will form the core of opposition to the Sandinista Front in the constituent assembly and Presidential elections due in November. Apart from the Sandinista Front, only two parties stand a chance of a significant share of the vote — the Liberal independents (PLI), and the Conservative (PCDN).

"The Sandinistas only want to hold elections to legitimise and institutionalise their power. It will be all form, not affecting the substance of how this country is run," according to Sr Felix Pedro Espiosa, secretary-general of the PCDN. Sr Espiosa hopes that the international focus on the elections will put pressure on the Sandinistas to lift the state of emergency and permit greater freedom of expression.

The Government has, however, allowed the parties to publish their own propaganda and billboards have gone up in the bigger towns advertising the parties. Press censorship has eased, though it still is exercised in the interests of national security, according to officials. The main bargaining chip in the the opposition parties' hands is to threaten a boycott of the elections. Since the Sandinistas want the elections to be seen as free and fair by the international community in order to dampen U.S. pressure, a boycott would be highly embarrassing. It would undermine the legitimacy which they are seeking for their political process, which remains an idiosyncratic blend of Marxism, Nationalism, and Catholic liberation theology.

UK road transport policy

How the juggernauts have taken their toll

By Max Wallis

AT A TIME when Welsh finished steel is freighted by road to Swindon, East Anglia and London because covered rail wagons are in short supply, when rail freight speeds are limited to 40 mph west of Cardiff because of too little money for track maintenance, it is instructive to compare the readiness of Government to spend vast sums to cope with increased road freight across the Severn.

Generally, rail investment has to show profitable returns, whereas road investment comes out of revenue. The Severn Bridge offers a special case, in that its costs are isolated and its funding is on the same basis as rail.

The engineers originally engaged on the Severn Bridge towers 17 years ago, consultants Mott, Hay & Anderson, last year identified a risk of failure through a traffic jam. The bridge is quite strong enough to bear distributed loadings (3,700 tonnes rather than the 2,000 tonnes originally planned) but the wire hangers were judged "vulnerable to progressive failure under relatively short traffic jams if the weight of traffic exceeds about 700 tonnes over a stretch of about 200m."

Fair enough, restrict and space out the flow of the bigger lorries, says the simple motorist. On the English side use the toll gates as control posts, and on the Welsh side lead the juggernauts around the Chepstow roundabout and control their re-entry on to the bridge. No, said the Department of Transport; the Minister does not accept "that the heavier lorries now on our roads are in any sense part of the problem" (Nicholas Ridley, in Hansard of November 1 1983). He chose to reduce the roadway to two lanes and restrict all traffic.

A system of traffic lights to control the heavier lorries alone to prevent any bridge overload has been devised. Axle-weight sensors or video cameras linked to computer-controlled lights would meter the lorries passing the toll gates or the Chepstow roundabout and space out the heaviest juggernauts. According to New Scientist (February 16 1984), the Department of Transport has "maintained strict secrecy over this scheme."

Instead, the Government plans to spend £33m or more to strengthen the bridge. That includes new girders to stiffen the road deck, new core reinforcements up the centres of the four main towers, and thicker cable hangers. The maximum load will increase to 5,500 tonnes and the juggernaut-jam failure mode is overcome.

The original main designers advised against it: "If the loadings ever approached the higher limits of the bridge, it would be easier to change traffic patterns, holding back the heavy vehicles while letting the light ones cross" (D. Fisher of Freeman Fox & Partners), but Government decided on the maximum strengthening programme.

Fair enough, as long as the juggernauts meet the cost in increased tolls, says o ur simple motorist. Oh no, replies Government: we define tolled bridges

Restrict the flow of the bigger lorries, says the motorist

to be non-roads, whose costs are to be covered by users as a whole. "There is not a precise (sic) correlation between toll charges and either user benefits or wear and tear" says a letter to James Callaghan MP. The 2:1 ratio of present lorry: car tolls (40p: 20p) which Government propose to retain "is broadly consistent with those applied at other tolled crossings."

What of the Government's policies to cut public spending and "privatise" public assets? Rather than invest in upgrading the bridge, why does a Government that claims road investment is good value and is looking around for private funding of selected roads not offer up the Severn Bridge? As a public concern, it makes huge deficits — £1.6m in 1979-80, £2.5m in 1980-81, £3.2m in 1981-82 and £6.5m in 1982-83 (cf. the estimated loss of £4.0m six months ago). Though it cost £13m to build and successive governments have maintained that such expensive estuarial crossings are to be paid for by users, the accumulated debt has now increased to £37m and the annual toll revenue of £2.85m does not even cover upkeep and operating costs.

The reason is not hard to find: when a rise in tolls was mooted in 1979, the South Wales establishment created such a fuss that Government found it expedient to drop the proposal. Clearly a private company running the bridge would be less susceptible to politics over-riding economics.

The Department of Transport is somewhat embarrassed over the mounting deficits. When it proposed last September to raise the tolls by 150 per cent, it omitted to point out that this increase would bring in only £4.3m extra (assuming no deterrent effect) and not even cover their over-optimistic prediction of £4.7m deficit this year.

No private concern would be attracted by such a prospect. Private capital would query the economics of a £25m strengthening programme (£25m is an insider's guess, for the Government always issues combined repair and strengthening costs). It would be economic simply to ban the heavier lorries, these being the main cause of fatigue fractures in the existing hangers that are so costly to replace. It would be economic to make car and light comercial vehicle flows a priority. And a private concern would look hard at spending £25m for just 200,000 heavy lorries per year (over 30 tonnes laden weight), which would have to pay a £12 toll to cover interest charges alone.

By his agreement to the £33m programme and £1m feasibility study of a £125m second road crossing of the Severn, it is evident that Nicholas Ridley has been successfully re-educated in the wonderland economics of highway investment over the nine short months since he left the Treasury.

Max Wallis is a member of Transport 2000, interested in transport economics, and at the Department of Applied Maths, University College, Cardiff.

Letters to the Editor

Index-linked mortgages

From the Chief General Manager, Nationwide Building Society

Sir,—I must comment on one point made by Clive Wolman in his article "Choices Under a New Tax Regime" (April 14), where he discusses the opportunities available to building societies and banks for offering index-linked mortgages but then says that "narrow-minded conservatism has left this field open to two tiny operators."

There is a third rather less tiny operator in this field, namely Nationwide Building Society. The main reason why societies have not entered this field long ago is that they were barred by law from doing so until Nationwide was successful in court proceedings last year in establishing its power to make indexed loans. As a result of that decision, the Society has already embarked upon an experimental index-linked lending programme.

Having dealt with the complex legal, valuation, taxation and administrative problems associated with indexed lending, the main constraint on the Society's wish to extend its indexed lending programme significantly is the current cost of raising matching index-linked funds.

Should yields on index-linked investments fall over the coming months, then there is no reason why Nationwide, and indeed other societies, should not embark upon the kind of lending programme that I imagine Clive Wolman has in mind.

Cyril English.
New Oxford House, High Holborn, WC1.

Pre-dated income tax assessments

From Mr Ralf Bonwit

Sir,—One aspect of the Inland Revenue's practice of sending out new codes for the following tax year before the Government's announcement of any changes in allowances and related matters has not been given adequate attention in the correspondence on this system of arbitrary assessment.

It is correct that most of those in regular employment will have their codes corrected in accordance with changes in Government policy before the preliminary assessment can become effective. But for pensioners, for example, the preliminary OOT or similar coding means that they are denied the relief due to them until such time as the Tax Return for the year ended April 5, 1984, has been duly completed and digested by the Revenue.

This is not easy to achieve before May, because the essential P60 form for the previous tax year does not reach many pensioners before that date. As a result, the pensioner has to lend the Revenue difference between his entitlement to allowance, etc, relief until such time as the Revenue has arranged to let him recoup the overpayment at its leisure.

The least one might expect is the prompt repayment of overpaid tax as soon as the amount of the discrepancy between preliminary assessment and effective tax level has become apparent. Meanwhile, the Inland Revenue continues to disregard tax already paid when assessing effective income against the exemption bar for people of pensionable age.

Ralf Bonwit.
Sorby, Kiln Lane, Binfield Heath, Henley-on-Thames.

Barristers and solicitors

From the Chairman, British Legal Association.

Sir,—I agree with much of what Michael V. Sternberg (a barrister) says in his letter (April 12), in particular that "information retrieval will never replace analysis," although those associated with firms marketing high technology appear to be suggesting the converse.

Where I, to some extent, differ from him is in his remarks which imply that an extension of the rights of audience of solicitors to the higher courts would not be appropriate, having regard to their training or temperament.

In the Crown Court at Bodmin, for example, solicitors have always had the right of audience before a judge and jury in respect of lesser criminal trials and have regularly and successfully exercised that right in competition with members of the Bar. Mr Sternberg might be nearer the mark if he said that were such rights of audience extended to all higher courts, then solicitors would exercise such rights only when it was in their clients' interests so to do and that the majority of barristers would remain, as now, to provide a necessary pool of specialists and advocates.

I, for one, practising in a country town, would be very much against the disbandment of the Bar because it is in the interests not only of the profession but of the public that such a pool should remain. It is equally important that the services of lawyers, whether solicitors or barristers, be utilised in the public interest.

That is not always so today, and, as Mr Sternberg rightly point out, the fees paid to the advocate in a legal aid criminal case in the Crown Court are often abysmally low.

As to the article by your Legal Correspondent, Mr A. H. Hermann (April 5), I respectfully suggest that he simply does not understand how the vast majority of solicitors in small private practice (one to four partners) function. It is both cheaper and more efficient for clients to be served by such solicitors with access, when the particular skill does not lie within their own office, to a member of the aBr.

The use of the out-dated description "family solicitor" demonstrates how out of touch Mr Hermann is with the majority of practising solicitors. The "family solicitor" dates back to the day of the man of property whose affairs were catered for by a solicitor largely engaging in non-contentious work whereas, in my own practice, for example, 90 per cent of our work is litigation, although it is in a small country town.

In our evidence to the Royal Commission on Legal Services we suggested what we described as "dual-practice," to make the best use of solicitors and barristers without the rigid demarcation which at present exists, but no attention was paid to our proposals.

What is important in the choice of a lawyer, by any member of the public, is whether he is or is not competent. Competence is as much to be found among smaller firms as among larger. Indeed, as many clients know, the personal relationship between solicitor and client is more likely to be built up with the smaller firm than the larger.

Stanley Best.
116, London Road, Southborough, Tunbridge Wells TN4.

Investment in UK industry

From Mr Jonathan Aylen

Sir,—Phasing-out of capital allowances is a tribute to the Chancellor's reading of elementary economics textbooks. As Anatole Kaletsky emphasises ("The heresies of Mr Lawson" April 11), the hope is that managers will scrutinise investment proposals more carefully and weigh labour-using schemes more heavily now that relative prices favour labour rather than capital.

But the blame for loss-making investments does not necessarily lie with generous tax incentives. Basic production efficiency rather than the level of investment is the heart of our difficulties. The essential point is that we need to raise the productivity of capital, not simply reduce investments in the hope the problem will quietly go away. British industry is profligate with capital yet remains malnourished. The solution is to improve corporate digestion, not to impose starvation.

The Central Policy Review Staff concluded nine years ago that under-investment in equipment was only a minor cause of low labour productivity in the UK car industry. Overmanning, a slow pace of work, shortage of materials, a high incidence of quality faults and poor maintenance were crucial factors. These problems dog capital projects themselves.

Late design changes by clients, late delivery of materials and plant by subcontractors, low site labour productivity and persistent industrial disputes, shortages of skilled labour and ill-planned site services delayed large capital projects during the 1970s.

There are recent and welcome signs of improvement in our ability to manage. British Leyland and capital projects for ICI on Teesside and the CEGB at Drax are cases in point.

Now government policy should be directed towards improving our "capacity to operate." Equipment availability and more consistent, high quality production would be helped by more thorough operator training and multi-skilled maintenance teams. We need more investment in human capital to complement investment in physical capital. Perhaps investment in training should be given the same generous tax treatment as investment in plant and machinery.

Problems in managing production suggests more attention to management recruitment, training and promotion. It is the project managers rather than the projects which need to be scrutinised more closely. A further way of using scarce capital more intensively is to encourage shiftworking, a key source of higher employment and capital productivity in the U.S.

These are the sort of issues that need to be addressed if industry is to realise the rates of return enjoyed by our principal competitors. There are good reasons for reforming corporate taxation. But the Chancellor should not dress up a reduction in capital allowances as a virtuous way of cutting excessive investment.

He has not addressed the fundamental problem of low capital productivity. The combination of low investment and low capital efficiency sounds an ideal diet for meagre living standards by the 1990s.

Jonathan Aylen.
Department of Economics, University of Salford, Salford, M5

FINANCIAL TIMES
Wednesday April 18 1984

David Housego in Paris analyses the French Government's steel restructuring plan

Marriage may yet prove irresistible

THE rationalisation of the French steel industry is one of those cases where the apparent effect of successive pieces of surgery has been to leave the patient weaker each time.

Over the past 10 years, about 60,000 jobs have been cut and output has tumbled from a peak of 27m tonnes in 1974 to 17.6m tonnes last year. But still the financial losses mount, totalling FFr 29bn ($3.57bn) in the past three years and FFr 10bn last year alone.

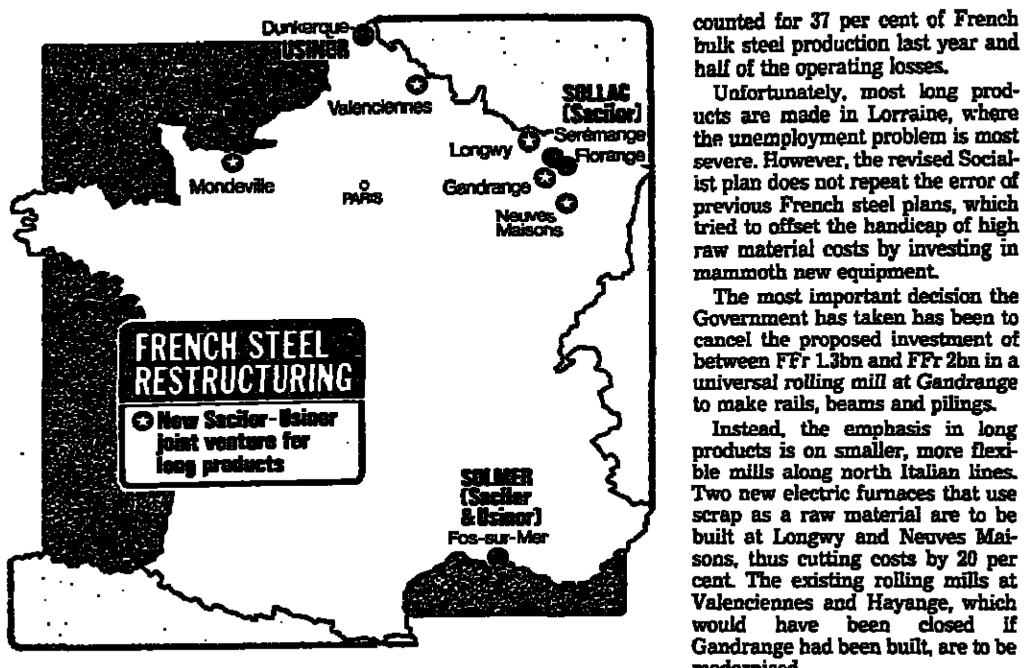
It is not surprising, therefore, that there is considerable scepticism about the French Government's latest rationalisation plan – the fourth in seven years – which is intended to restore the industry to profitability by 1987 by closing more steelworks and eliminating another 25,000 of the remaining 90,000 jobs.

The brunt of these cuts, as recent demonstrations and strikes have illustrated, is to be borne by Lorraine. The long overdue reduction of very high-cost steelmaking in that area will certainly help to cut losses.

But there is still considerable doubt in France, as in Britain where the steel industry has contracted even more sharply, that not enough capacity has been cut. As in Britain, French doubts are concentrated on the mills for making sheet for car bodies, domestic appliances and containers. Both countries still have three wide-strip mills and would probably be more comfortable with only two.

The latest plan calls for increased co-operation, between Sacilor and Usinor, the two nationalised steel groups, but stops short of the logical final step of creating a single giant group like the British Steel Corporation.

The main thrust of the latest plan, like its predecessors, is to take advantage of economies of scale and imported raw materials at the two big modern coastal sites, Dunkerque in the North and Fos-sur-Mer, near Marseilles.



Usinor's Dunkerque works operated at only two thirds of its 7m tonne capacity last year. Now the pipe mill is to get a FFr 1.3bn expansion, but the total workforce will be cut by 2,000 to 7,000.

Solmer, the joint venture between Sacilor and Usinor at Fos, operated at only 62 per cent of its 2.5m tonne capacity last year. Under previously agreed plans, its hot rolling mill is being further modernised and a second continuous casting plant is to be added. However, Solmer remains an unfinished project, with only a fraction of its originally intended capacity and none of the finishing mills.

The third integrated steelworks specialising in flat products is the Sollac Works in Lorraine, owned by Sacilor, which operated at 76 per cent of capacity last year.

Its strength is its proximity to the West German market, particularly the car manufacturers. Its weakness is the high cost of Lorraine iron ore. Sollac employs 12,000 people compared with a combined total of 16,000 at Fos and Dunkerque.

Still, the Government has agreed to a proposed FFr 1.3bn investment in a new cold rolling mill for Sollac, which would seem to ensure the works' future even though about 2,000 jobs are to be lost.

The main cuts, however, are to come from the works making the long products – beams, bars, pilings and wire rods. Long products accounted for 37 per cent of French bulk steel production last year and half of the operating losses.

Unfortunately, most long products are made in Lorraine, where the unemployment problem is most severe. However, the revised Socialist plan does not repeat the error of previous French steel plans, which tried to offset the handicap of high raw material costs by investing in mammoth new equipment.

The most important decision the Government has taken has been to cancel the proposed investment of between FFr 1.3bn and FFr 2bn in a universal rolling mill at Gandrange to make rails, beams and pilings.

Instead, the emphasis in long products is on smaller, more flexible mills along north Italian lines. Two new electric furnaces that use scrap as a raw material are to be built at Longwy and Neuves Maisons, thus cutting costs by 20 per cent. The existing rolling mills at Valenciennes and Hayange, which would have been closed if Gandrange had been built, are to be modernised.

The effect of these decisions in the long products sector will be:

- To close the steelworks at Neuves Maisons with the loss of 1,600 of the 2,200 jobs there.
- To cut some of the production capacity at Longwy and reduce the workforce from 5,900 to about 2,400.
- The probable closing of the whole Gandrange-Rombas steel complex with the loss of some 9,000 jobs.

Still in doubt is the future of Société Metallurgique de Normandie, a subsidiary of Sacilor, where a switch to an electric arc furnace has been postponed.

Sacilor and Usinor are also to set up a jointly owned subsidiary to manage their long products businesses and they have been instructed to co-ordinate their marketing of flat products.

The other major source of losses in the French steel industry has been engineering steels. The engineering steels companies made combined losses last year of FFr 1bn. Already subsidiaries of Sacilor or Usinor, they are now to be regrouped in a jointly owned company in which Sacilor will have the majority stake. The plant at Ugine-Acier is to be closed.

The only area where the two state-owned groups retain their full autonomy is in their stainless and high alloys steel division. Usinor has two subsidiaries – Usinor-Inox (formerly Peugeot-Loire) and Chatillon, with a plant at Isbergues. Sacilor has stainless steel and high alloys divisions in its Ugine-Gueguon and Imphy subsidiaries.

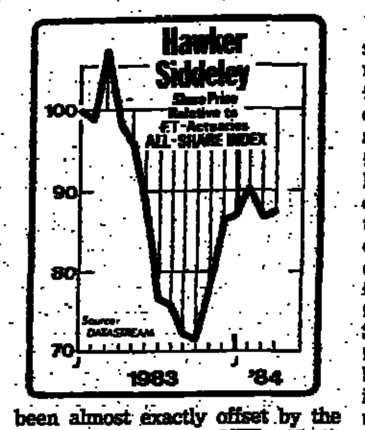
Whether the two groups manage to balance their books by 1987 will depend in part on whether the unions can win some postponement in the timetable of closures in Lorraine. It takes at least 18 months to build electric arc furnaces, which means that the industry will have to bear the cost of maintaining production at Longwy and Neuves Maisons at least until the end of 1986. No date has been fixed for the phasing out of the Gandrange complex either.

The restructuring also leaves the two companies unevenly matched. The hard core of Usinor is now potentially profitable with its Dunkerque plant and its special steels division. Sacilor, on the other hand, has a much smaller flat products arm in Lorraine and is to assume management control of the loss-making long products and engineering steels division of both groups. The long-term arguments for a marriage are likely to prove irresistible.

THE LEX COLUMN

Hawker in the counting house

Anybody who was sharp enough – or lucky enough – to have piled into Hawker Siddeley shares at their low point just before the slightly drab set of interim figures last October, could now be forgiven for feeling a little smug. A change in top management, a succession of exotic contract announcements, and some corporate tidying up seem to have helped transform the market's attitude.



Yesterday, the job was completed by Hawker's preliminary results, showing that the group had made £82.2m before tax in the second half, a 50 per cent improvement on the previous six months. Over the same period, the share price has risen by just over two thirds, including yesterday's 34p jump to 452p.

Part of Hawker's profit resurgence is due to the interest rolling in from a conspicuously growing mound of net cash – £119m in the latest balance sheet. Yet there has been a very pleasing jump in U.S. profits, largely because of the increases in Fasco's output of small electric motors, not far short of 50 per cent by volume.

Meanwhile, the mechanical engineering companies have in general been holding their own, save for one Australian black sheep, and the search for new markets seems to be paying off even in mature product areas such as diesel generators.

If there is anything to cast a shadow on this glowing performance, it is a combination of doubts over the trend in dollar interest rates and over Hawker's own ability, or willingness, to channel its funds into the business (whether by internal investment or by acquisition).

As far as Hawker is concerned, the two issues may be cautiously connected; its customers are liberally scattered in debtor nations, and acquisition plans tend to look more speculative as the cost of funds goes up.

NEI

The electrical engineering gains made by Hawker Siddeley have been less evident at Northern Engineering Industries, at least outside South Africa. The 8 per cent jump in NEI's pre-tax profits to £42.7m for 1983 has instead drawn heavily on a marked improvement in margins in the group's UK power and mechanical engineering divisions.

Their progress has unfortunately been almost exactly offset by the £12m downturn in NEI's North American operations. But the extended start-up costs incurred by NEI's Extel subsidiary, responsible for the U.S. disappointment, have apparently begun to produce long-awaited orders in more recent months and North America is now expected to break even in 1984. Meanwhile, the earlier problems encountered on the Rihand power station contract in India have also been resolved.

NEI is still on target for further profit advances on the back of its improved productivity in the UK and has an order book worth about £1.3bn. But the shares, up 7p at 92p, seem unlikely to reflect these prospects fully until NEI can push its earnings per share ahead as successfully as its cash surplus and its dividend yield, now a prospective 9.3 per cent. Unless, of course a strategic acquisition can help give them some fresh life in the meantime.

S & N/Cameron

Scottish & Newcastle Breweries can hope to have hit several birds with one stone in its deal announced yesterday to purchase the J. W. Cameron brewery from Ellerman Holdings. This first major expansion by the new S&N board clearly signals its decision to abandon radical empire-building plans in the South, in favour of a steady consolidation of markets in the North of England and Scotland. It significantly enlarges S & N's tied estate without, it might be hoped, piling on too onerous a refurbishment burden. And the complex structure of the deal, by including the sale of nine unprofitable hotels, ought to improve the returns on S & N's Thistle hotel chain.

The deal's complexity also owes something to the vendor's arrangement last year of fresh debt worth £22m to fund a special dividend. Ellerman's new owners, who now stand to recoup most of last year's £50m purchase price at one swoop, have evidently not been so busy counting their profits as to neglect their tax planning. Had S & N taken on the £22m debt, it would have offered Ellerman shares worth £21m. Instead, Ellerman has put £14m back into Cameron, allowing S & N to offer a vendor placing for £35m, apparently the minimum allowed by the stock exchange in this instance. The shares were snapped up despite a tight 5.9 per cent discount, leaving the total effective purchase price, incorporating £9m for the hotels and £8m remaining of the new debt, at £52m.

This marks an exit p/e just over 18 for Cameron on the basis of its 1983 pre-tax profits of £4.1m and S & N's own 30 per cent tax rate. The price compares with an average p/e of about 10½ for the regional brewers – and around 12½ for the leaders – but ought to be a better bargain for S & N than might suggest: Cameron's management record has been less distinguished than some of its competitors', and S & N can reasonably expect some useful merger gains. S & N shares certainly took some marginal dilution of earnings in their stride, closing down just 3p at 116p.

Public borrowing

The PSBR, as the UK Treasury never tires of saying, is the difference between two very large numbers. So it is encouraging that, whatever other targets the Chancellor of the Exchequer may be missing, the final PSBR figure for 1983-84 is, at £9.75bn, within his most recent £10bn estimate. Of course, this is not the final figure – that could still just reach £10bn.

Even so, the news was mildly disappointing to the gilt market, which had hoped for a bigger undershoot. It seems that the delay in receiving £516m in rebate from the EEC until after the year-end has made all the difference. That explanation only adds to the scepticism with which PSBR figures are viewed. With changes in definition, asset sales and speeded-up VAT payments clouding them further, the suspicion must be that if the stated figures were to swing 10 per cent either way it would scarcely matter.

Citicorp profits down 2%

By Paul Taylor in New York

CITICORP, the largest U.S. banking group in terms of year-end assets, yesterday reported a 2 per cent decline in first-quarter net earnings to $233m.

The first-quarter earnings, equivalent to $1.64 a share ($1.56 a share fully diluted) compare with net earnings of $220m, or $1.74 a share ($1.65 a share fully diluted) in the 1983 first quarter on combined Citicorp revenues which increased by 4 per cent to $1.51bn from $1.45bn.

Despite the marginal earnings decline, Citicorp said the results reflected "impressive" performances by each of its three core banking businesses – the institutional, individual and investment banking units.

Citicorp said the institutional bank earned $212m in the first quarter, $3m more than in the 1983 period and 13 per cent higher than in the fourth quarter last year, despite higher non-accrual and renegotiated commercial loans. These grew to $2.3bn, or 2.5 per cent of the total worldwide loan portfolio, compared with $2.1bn, or 2.4 per cent of total loans at year end and $1.9bn or 2.3 per cent of total loans a year ago.

The first-quarter increase in non-accrual loans resulted mainly from additions in the Latin American private sector. Citicorp also noted that had Argentina not paid interest on its public sector loans at the end of the quarter, its earnings would have been $5.6m lower.

The banking group said its individual, or consumer banking business, earned $38m in the first quarter, down $3m from a year ago. Citicorp said the decline reflected the decision to spend an additional $20m on marketing, including promoting Diners Club, Citibank Visa and Mastercard and the booking of a $6.2m after-tax loss on the two savings and loans associations in Florida and Illinois acquired during the quarter.

More U.S. bank results, Page 23

Craxi makes minor changes to wage indexation decree

BY JAMES BUXTON IN ROME

THE SAGA of the attempt by Sig Battino Craxi's Italian Government to cut wage indexation by decree moved into its third month yesterday with the Cabinet agreeing to reissue the measures which expired in parliament on Monday night.

This means the *scala mobile* will, for the second time this year, fail to give wage earners the full quarterly compensation against inflation that they would normally have obtained. This should result in downward pressure on the inflation rate, which is still running at 12 per cent.

There is no guarantee, however that the new decree, which was only *slightly modified by the Cabinet*, will obtain the parliamentary approval which eluded its predecessors. The first decree issued on February 15 never reached the stage of final approval by the Chamber of Deputies within the prescribed 60 days because of obstructive parliamentary tactics by the Communist Party.

The main government concession in the second decree is to cut from a year to six months the period for which it will apply. But as the actual cuts in the compensation given by the *scala mobile* were set to occur in the first six months of its life, the change is largely cosmetic.

It could be said, however, to allay the fear of many wage earners that the *scala mobile* would never be the same again. Under the present decree it will work normally from mid-August.

The Government is likely to make other promises in the field of tax reforms and measures to assist employment, which it hopes will lead to the Communists putting up *only normal opposition instead of* the exceptionally fierce obstruction to the new measure.

It remains to be seen whether such sweeteners will change the attitude of the Communist Party and of the Communist majority CGIL union. There have, however, been some signs of detente from the Communist leadership, which feels that it proved over the first decree that its acquiescence is essential for the Italian Government to make important economic reforms.

The decree issued yesterday would expire on June 15, the day before the elections in Italy to the European Parliament. These elections are a major test not of Italy's undoubted commitment to Europe but of the Italian Communist Party's standing the first major test since last June's general election.

The Craxi Government's fate is widely thought to depend on them, so manoeuvres over the decree during the next two months will be closely related to electoral considerations.

Should the decree fail to be approved for a second time, it could theoretically be reintroduced. If not, the Government would have to recompense wage earners for the money lost while the decree was in force. What happens in practice would depend on the prevailing political situation after the European elections.

UK miners win more support

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

THE MINERS' strikes in the UK gathered momentum yesterday with plans for a mass rally in Sheffield, Yorkshire, tomorrow and for a one-day stoppage throughout Scotland.

The rally will coincide with a special delegate conference of the National Union of Mineworkers (NUM) to discuss the future of the dispute, which began nearly six weeks ago over pit closures and job losses. The union's leadership is urging areas to send members to join the rally.

The conference will consider a change in the union's rules to allow a national strike to be called on a simple majority of votes in a ballot, rather than 55 per cent as at present.

Delegates in the moderate Nottinghamshire coalfield, which has continued to work during the dispute, yesterday voted against the rule change. Delegates at tomorrow's conference will probably be told, however, that they need not carry out any area mandate. The view of the union's left-wing leadership remains opposed to a national ballot.

The call for a one-day strike in Scotland – probably on May 1 – came during an emotional meeting of the Scottish Trades Union Congress in Aberdeen. It unanimously approved an emergency resolution in support of the miners and for an "all-Scottish day of action."

Speaker after speaker insisted that the pit strikes were not just a dispute for the miners but were part of a wider struggle between the unions and the Government. Mr Jim Slater, general secretary of the National Union of Seamen, said: "If the miners lose, this strike will be the last strike we will fight for decades to come – and therefore we have got to win it."

Pledges of support for the one-day strike also came from union leaders of the transport workers, railwaymen, municipal workers and public employees.

Leaders of two key unions in the electricity supply industry, however, condemned any attempt by the NUM to take its dispute to the power stations.

Two haulage companies, Richard Read Transport and George Read Transport, were granted injunctions in the High Court to prohibit NUM pickets from stopping coke lorries entering or leaving the Port Talbot steelworks in South Wales.

Porsche to raise DM 327m

By John Davies in Stuttgart

SHARES in Porsche, the West German sports car company, will be offered to investors at a price of DM 780 ($296.5) for each share with a nominal value of DM 50.

At this price, the placement of Porsche shares will raise DM 327.6m – for 30 per cent of the total capital in the form of non-voting preference shares.

The shares will be allotted by a consortium of Deutsche Bank, Bayerische Vereinsbank and the Landesgirokasse Stuttgart on April 25, and will be traded on the Frankfurt, Munich and Stuttgart stock exchanges.

As a result of the placement, the Porsche company will obtain DM 93m in cash as new capital to boost its resources for future expansion. The remaining DM 234.6m will flow to members of the Porsche and Piech families.

Dr Klaus Mertin, a member of the Deutsche Bank management board, said the placement price was a compromise which took into account that Porsche's present good results might come under pressure in future years from outside factors such as a decline in the U.S. dollar – a possible blow to export earnings.

He said that the price earnings ratio was 8.8. This was less than the average on the West German stock market, but it was similar to other comparable motor vehicle shares.

Dr Mertin said that the speed of the stock market launch – announced last month – showed that the process need not take years of preparation for a company in top form.

Herr Heinz Branitzki, Porsche's finance chief, said he was convinced the company could maintain its dividend on the extra capital at the same rate as the last financial year.

Elections for Brazil pledged

Continued from Page 1

along by emotion and the radical attitudes of those who want to manipulate the popular will to their own ends," he said.

Nevertheless, his proposals mark the first significant practical concessions by the Government to the growing chorus of demands from all levels of society for immediate political change.

The President's aides have made clear that the proposed constitutional amendments are intended to be bargaining cards for negotiation with opposition leaders. These negotiations could include an agreed successor to President Figueiredo, to be presented to an electoral college in January.

The official hope is that talks could begin in earnest after next week's probable defeat in Congress of the opposition Bill for direct presidential elections this year.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	17	54	Dubrovnik	R	13	55	Malaga	S	19	66	Salzburg	Sn	2	36
Algarve	D	18	64	Faro	S	20	68	Malta	F	18	64	Seoul	R	18	54
Algiers	F	18	64	Florence	C	13	55	Manila	F	35	95	Singapore	C	32	90
Amsterdam	F	10	50	Frankfurt	C	8	46	Miami	C	28	82	Stockholm	S	10	50
Athens	C	18	64	Funchal	F	18	64	Milan	C	16	61	Strasbourg	F	10	50
Bahrain	C	31	88	Geneva	F	9	48	Moscow	S	21	70	Sydney	C	29	84
Bangkok	F	35	95	Gibraltar	S	17	63	Munich	C	4	39	Taipei	F	27	81
Barcelona	S	15	59	Guernsey	S	10	50	Nairobi	-	—	—	Tangier	S	22	72
Beirut	C	19	66	Helsinki	C	7	45	Naples	C	15	59	Tehran	—	—	—
Belgrade	C	19	65	H. Kong	R	23	73	New Delhi	S	41	106	Tel Aviv	F	21	70
Berlin	F	9	48	Innsbruck	C	5	41	New York	R	14	57	Tenerife	F	21	70
Biarritz	S	12	54	Inverness	F	9	48	Nice	F	14	57	Tokyo	C	16	61
Blackpool	S	10	50	Istanbul	F	13	55	Oporto	R	20	68	Toronto	R	8	46
Bordeaux	S	13	55	Jersey	S	10	50	Oslo	S	9	48	Tunis	S	18	64
Brussels	F	10	50	Jo'burg	F	24	75	Paris	F	12	54	Valencia	S	16	61
Budapest	F	15	59	Las Palmas	S	22	72	Prague	R	5	41	Venice	C	12	54
B. Aires	R	13	55	Lima	F	25	77	Reykjavik	C	3	37	Vienna	C	6	43
Cairo	C	24	75	Lisbon	S	19	66	Rio de J'o	F	35	95	Warsaw	C	8	46
Cape Town	C	18	64	Locarno	S	17	63	Rome	C	14	57	Zurich	R	6	43
Caracas	C	30	86	London	F	12	54								
Casablanca	F	19	66	Los Angeles	C	29	84								
Copenhagen	S	10	50	Luxembourg	F	8	46								
Corfu	F	16	61	Madrid	S	15	59								
Dublin	R	8	46	Majorca	F	17	63								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Olivetti profits soar

Continued from Page 1

postpone a planned stock market quotation in New York. This was agreed by the Olivetti board after discussion of what it called "the uncertainty of the American stock market and the restrictive time limits for the fulfilment of technical requirements." Olivetti said it would not rule out a Wall Street quote later this year or early next year.

Last year, Olivetti reduced the size of its workforce by 4 per cent to 47,800. The Ivrea-based company spent L187.2bn on research and development (against L162.2bn in 1982), equal to around 5 per cent of total revenues.

Over the past five years, Olivetti has more than doubled its group revenues and has increased net profits by nearly nine times. Last December the company forged an international alliance with AT&T under which the U.S. telecommunications giant paid $260m to buy 25 per cent of Olivetti – it has an option to increase the stake to 40 per cent in four years.

The Olivetti group now derives more than 70 per cent of its revenues from distributed data processing and office automation equipment.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday April 18 1984

Northwest Industries in strong recovery

By William Hall in New York

NORTHWEST INDUSTRIES, the U.S. conglomerate which last year made its first ever loss because of its exposure to the depressed U.S. energy industry, made a sharp recovery in the first three months of 1984 with net income of $14.8m or 70 cents a share, against a profit of $1.4m in the first quarter of 1983, or 3 cents a share.

The latest quarter was the company's best for more than 18 months, and compares with quarterly net income averaging less than $2m in the first nine months of last year and a final-quarter loss of $85.3m.

Northwest Industries' sales in the latest quarter rose by a third to $447.9m.

The group says it expects each of its subsequent quarters in 1984 to be better than the first in terms of sales and earnings. The improvement reflects much lower losses on its oil supply business. Lone Star Steel, by far the biggest segment, reported a $4.6m loss in the latest quarter, down from $20.4m a year ago.

Hutton earnings in first quarter drop sharply to $13m

BY PAUL TAYLOR IN NEW YORK

E. F. HUTTON, the Wall Street investment bank, yesterday reported a sharp drop in first-quarter earnings, which, it said, reflected less retail activity in its brokerage business, reduced underwriting volume and higher expenses.

Hutton said its first-quarter net income fell by 65 per cent to $13.11m or 52 cents a share, compared with $37.3m or $1.54 a share on revenues which increased by 18.8 per cent to $593.9m from $499.8m in the 1983 first quarter.

The sharp decline in earnings, which had partly been expected, reflects the impact of the downturn in U.S. equity and credit markets which began in mid-January.

Mr Robert Fomon, Hutton's chairman and chief executive, said revenue from E. F. Hutton and Companies, the group's securities business, had declined from the robust levels of the 1983 quarter.

He said that operating expenses had risen owing to the opening of another 50 branch offices together with normal increases in salaries, rents and communications expenses, resulting in a reduced profit margin.

Mr Fomon said Hutton had imposed a hiring freeze in order to maintain a reasonable profit level until the securities markets recover.

The drop in earnings at Hutton, which is expected to be repeated at many of the other Wall Street companies, follows a similarly difficult fourth quarter.

In the fourth quarter, E. F. Hutton reported net earnings of $8.5m or 33 cents a share after a 36 cents per share non-recurring charge related to its decision to set up a special $20m reserve against annuities issued by the troubled Balwin-United group and sold to Hutton clients.

● Donaldson, Lufkin and Jenrette, the New York securities house, reported first-quarter net profits up from $4.75m or 32 cents a share to $5.2m or 34 cents on revenues of $121.3m ($106.2m).

● First Boston, a leading securities underwriter and dealer, also announced a sharp decline in first-quarter earnings from $27.1m or $2.61 a share to $20.2m or $1.58. Revenues also fell from $162.5m to $140m.

Coleco returns to profit in quarter

By Our New York Staff

WORLDWIDE DEMAND for its Cabbage Patch Kids dolls has brought a swift return to profit for Coleco Industries, producer of the Adam home computer system, video games and toys.

First-quarter earnings totalled $4.4m or 27 cents a share. This compares with a loss of $35m in the previous three months, blamed by the company on the "extremely high costs" of bringing its Adam computer to the market, and leaving it with a net deficit of $7.4m for the whole of 1983.

The latest returns compare with $16.2m or $1.01 a share for last year's first quarter. The decline is attributed to lower profit margins for electronics products.

First quarter sales were $186.1m, compared with $180.2m for the same period of 1983 and $596.5m for the whole of last year.

Mr Arnold Greenberg, Coleco's president, said yesterday that the return to profitability also reflected continuing demand for the Adam computer and the Colecovision video game system, which together accounted for about 50 per cent of first-quarter sales.

About 2.5m Cabbage Patch dolls were shipped in the first quarter

Foreign exchange gain boosts Bankers Trust

BY OUR FINANCIAL STAFF

BANKERS TRUST, the 10th largest U.S. bank in terms of year-end assets has reported higher first-quarter net earnings. The New York-based bank said its net earnings, including gains from the sale of three branches in New York City, increased by 13 per cent to $69.2m or $2.20 a share from $61.1m or $2.03 a share in the corresponding 1983 quarter.

The sale of the branches resulted in an after-tax gain of $4.9m, or 16 cents a share, making a final first-quarter net earning of $74.1m or $2.38 a share.

Mr Alfred Brittain, chairman, said the first-quarter earnings improvement resulted primarily from increases in foreign exchange trading income, which rose by $24.7m to a record $34.4m.

Offsetting these improvements were increases in the provision for loan losses, which totalled $45m in the latest period compared with $15m a year ago, higher non-interest expense and a decline in trading account profits and commissions, Mr Brittain said.

Net interest income increased by 7 per cent to $236.8m, despite narrower spreads. Bankers Trust added that payments made by Argentine public sector borrowers – following the 11th-hour loan agreement – resulted in interest income of $857,000 after tax.

Bankers Trust said net charge offs during the quarter totalled $21m compared with $9.1m a year ago and added that the allowance for loan losses at the end of the quarter totalled $292.1m, or 1.27 per cent of total loans, up from $268.1m at the end of the year and $237.7m or 1.17 per cent of loans a year ago.

The bank said its non-performing loans increased to $685m or 3 per cent of total loans at the end of March, compared with $558m, or 2.4 per cent, at year-end and $476m, or 2.3 per cent, a year ago.

In contrast, First City Bancorp of Texas, 23rd largest U.S. bank in terms of year-end assets, suffered a fall in first-quarter net profits from $32.1m, or 90 cents a share, to $23.4m, or 63 cents.

The provision for loan losses rose to $24.6m, against $19.3m in the 1983 quarter. Non-performing assets stood at $418.6m, or 3.86 per cent of total loans at March 31, 1984.

At Banc One Corporation, the multi-bank holding company and the state's largest banking organisation, first-quarter earnings jumped from $16.9m, or 61 cents a share, to $25m, or 69 cents.

Assets at the end of the quarter were $7.29bn, a considerable rise from $5.05bn at the end of the 1983 quarter.

Allis Chalmers cuts loss to $16m

By Terry Dodsworth in New York

ALLIS-CHALMERS the Milwaukee-based agricultural and process equipment manufacturer, reduced its net losses in the first quarter of this year to $16.5m, or $1.40 a share, from $62.4m or $5.12 a share in 1983.

Sales increased by 19 per cent from $278.6m to $330.5m, largely reflecting the depressing impact of heavy dealer stock levels of a year ago, when Allis closed operations for several weeks to allow inventories to be reduced to sustainable levels.

Mr Wendell Bueche, president and chief executive, said that the group's agricultural equipment plants had been operating at low production levels compared with pre-recession levels.

The market remained subdued with many U.S. farmers continuing to postpone machinery purchases and using improved crop prices to pay off debt and restructure balance sheets, he added. Industry retail sales of combines in the first quarter had been "substantially lower" than in the same period last year, while retail tractor sales improved modestly.

In the lift truck market, orders had improved, but competitive price discounting remained severe, while in the process equipment business markets remained sluggish, despite an improvement in orders.

Continental Illinois suffers decline

BY WILLIAM HALL IN NEW YORK

CONTINENTAL Illinois, Chicago's biggest bank, which has been depressed by heavy losses on its energy lending, has reported a 6 per cent drop in first-quarter net income to $29.4m, despite the benefit of a $157m pre-tax premium on the recent sale of its credit card operations.

Continental Illinois's latest earnings illustrate the severity of the difficulties it continues to face as a result of its aggressive expansion into energy lending. The group's loan loss provisions, which had been averaging $100m a quarter since its troubles surfaced 18 months ago, rose 40 per cent to $140m in the latest quarter.

Meanwhile, the group's non-performing loans have risen by more than a fifth since the year's end to a record $2.3bn at end March. They account for 7.7 per cent of group loans and receivables. More than half the increase since the end of 1983 reflected the inclusion of non-performing loans to Argentina and Venezuela.

Insurance operations setback hits American Express result

BY WILLIAM HALL IN NEW YORK

AMERICAN EXPRESS, the U.S. financial services group, has reported a 28 per cent drop in its first-quarter net income to $116m, primarily because of a sharp drop in profits in its insurance and investment services operations.

The group, which reported a net loss of $22m in the final quarter of 1983 – principally because of problems at its Fireman's Fund insurance operation – earned $0.54 per share in the latest quarter, a drop of a third on the comparable 1983 figure.

The latest results mark the second setback to the group's former fast-growing profit record. Mr James Robinson, American Express chairman, said that the results were as expected below the level of last year's record first-quarter. However, he said he was pleased with the record performances of the group's travel-related and international banking operations.

Apart from the fourth-quarter loss in 1983, the latest net income figures are the lowest for more than two years for American Express. The company has had the benefit of several acquisitions, most notably the non-U.S. banking operations of Trade Development Bank and Investors Diversified Services, but their earnings are being offset by lower profits in insurance and investment banking.

The group's insurance services reported net income of $10m in the latest quarter against $63m a year ago. The investment services net income was $24m against $47m a year ago. The group blames uncertainty in the securities and commodities markets for a sharp drop in Shearson's commission revenues.

By contrast, travel-related services boosted its net income by 40 per cent to $71m and international banking services raised its net income by a fifth to $38m.

Mexican brewery restructuring deal approaches agreement

BY DAVID GARDNER IN MEXICO CITY

TALKS ON the restructuring of Cerveceria Moctezuma, a leading Mexican brewery, are at an advanced stage with an agreement expected this week for foreign creditor banks to convert a portion of their outstanding loans into equity.

Cerveceria Moctezuma (Cermoc), owes nearly $370m abroad and has been in discussions with its bankers and the Mexican Government since one of its creditors, North Western National Bank of Minneapolis, opened bankruptcy proceedings against the company in January.

The Cermoc proposals call for the banks to convert either $40m into a 30 per cent stake, or $80m into a 60 per cent holding. The first option assumes that Sr Alberto Bailleres, the brewery's owner, will inject $40m of his own capital.

The Government would write off approximately half of the $80m owed in back taxes, putting a total value on the package of $120m. The capitalisation proposal puts a value on the company far in excess of its market value of 2.9bn pesos ($16.7m), or net worth of P5.1bn.

Cermoc had losses of P775m in 1982 on sales of P21.3bn and is expecting losses this year of between P4bn and P5bn. In the first nine months it made an operating profit of P1.7bn, but financial charges were P5.4bn.

Meanwhile, talks are also proceeding on the restructuring of Grupo Industrial Alfa, Mexico's largest private enterprise, which has been negotiating for two years on the $2.3bn it owes foreign and Mexican banks.

The main proposal in Alfa's case is for the banks to convert $300m in claims into 30 per cent of the group's common stock, giving them the right to name nine members to a new 15-member board.

Acceptance of the proposal, however, would be conditional on agreement over the rest of the restructuring package, which includes Alfa disposing of the majority of its 143 subsidiaries and retaining the steel and petrochemical concern as the core of a new streamlined group. Agreement on this proposal is expected within the next few months.

Alfa, a diversified holding company centred on its steel making and petrochemical operations, suspended principal repayments on its debts in April 1982 and deferred about 70 per cent of its interest payments in August 1982. It made losses of P8.2bn on sales of P109.8bn in the first three quarters of 1983, substantially down on 1982 losses of P32.2bn on revenue of P81.6bn.

Despite Mexico's restrictive legislation on foreign investment, there are precedents for foreign banks capitalising their loans to local companies. In 1977, the Mercantile Trust Company and Gotthard Bank took a majority stake in the Ecatapec steel concern, and in 1980 foreign banks converted loans to San Rafael paper company into equity.

Ingram drops $254m bid for U.S. insurer

By Our New York Staff

INGRAM industries, the Nashville-based, privately owned conglomerate, has dropped its $254m bid for Corroon & Black, the sixth biggest U.S. insurance broker, and placed its 7.8 per cent stake with institutions.

Mr E. Bronson Ingram, whose company had offered $31 a share for Corroon & Black, yesterday announced that he had sold Ingram's holding in the broker to six institutions at $28 a share. That was $1 below Monday's closing price but still assures Ingram a profit of $1.8m on its investment, which it acquired at an average price of $25.15 a share.

Mr Ingram said he had wanted a friendly merger between his company and Corroon & Black, which owns 20 per cent of Minet, the London insurance brokers. "When it became clear that this was not possible, and that some of the members of management, who we had counted on to be part of the merged company, were opposed, we reluctantly decided to terminate our offer and dispose of our interest in Corroon & Black," Mr Ingram said.

U.S. telephone company lifts income 17%

BY OUR NEW YORK STAFF

FIRST-QUARTER net income at GTE, the telephone system operator, jumped by 17 per cent from $220m to $257m, largely because of increased customer demand for communication services and an improvement in the electrical products business.

Earnings per share rose by 11 per cent to $1.30 from $1.17, while revenues were up by 16 per cent from $2.96bn to $3.45bn. The underlying profits increase was even higher than the final figures suggest because of a $17m tax refund in 1983.

Mr Theodore Brophy, chairman, said that the Sprint long-distance service acquired last year from Southern Pacific had increased its customer base by 43 per cent to 1.35m subscribers.

In the traditional GTE telephone business, customer lines in service were 2.6 per cent higher than a year ago, and the 16 domestic and three international operating companies served a total of 11.7m lines.

Profits in the telephone operations rose from $205m a year ago to $237m, while in electrical products they were up from $10.8m to $25.7m.

Uniroyal moves ahead

BY OUR FINANCIAL STAFF

UNIROYAL, the third largest U.S. tyre producer, had a good first quarter, with earnings rising from last year's corresponding $3.6m to $17.1m or from 9 to 47 cents a share. The profits gain came on a 20 per cent sales increase, from $450.5m to $539.8m.

Because of its improved performance and financial condition, quarterly dividends are to be resumed, the first since the third quarter of 1978.

Operating profit of the chemical, rubber and plastic material division jumped from $8m to $22m

Hoechst to pay more and issue shares

By Jonathan Carr in Frankfurt

HOECHST, the West German chemicals concern proposes boosting its dividend to DM 7 from DM 5.50 per share, after nearly doubling worldwide pre-tax profits to DM 1.95bn (741m) last year.

The company, the latest of the German "big three" chemicals groups to report glowing results for 1983, is also planning to raise about DM 500m through a one-for-15 rights issue.

All three had to cut their dividends for 1982, but last year has brought stronger demand for chemical products, better use of capacity and a surge of profits all round.

Net profit of Hoechst AG, the parent company, rose to DM 437.5m from DM 288.7m in 1982, on turnover up 5.4 per cent to DM 13bn.

Worldwide group pre-tax profits — DM 1.95bn — compared with DM 1.07bn in 1982. Turnover was up by 6.3 per cent to DM 37.2bn. Hoechst hardly changed its prices last year, so the higher turnover largely reflects increased sales volume.

Hoechst's business has been developing favourably this year too—in line with that of the whole chemical industry which expects to boost revenues in 1984 by at least 10 per cent.

With its rights issue next month, Hoechst plans to increase basic capital by DM 173.5m to DM 2.53bn. The new shares will be issued at DM 140 each.

Labrador puts off drilling

By Robert Gibbens in Montreal

LABRADOR GROUP, a consortium led by Petro-Canada, Gulf Canada and Canterra Energy, has deferred all drilling off the Labrador coast this summer and probably for several seasons.

The last four drilling seasons have produced poor results, and costs have been spiralling. Over the past decade exploration spending has been heavy, and, while some major gas structures have been indicated, major oil finds have proved elusive.

Existing international oil and gas prices are not likely to encourage the resumption of drilling for some time. Petro Canada and several of its partners are committed to the Hibernian offshore project further south. This also is proving more expensive to develop than was expected.

Petro Canada and partners are also deferring the Arctic Pilot Project indefinitely. This was to ship Melville Island gas in liquefied form via Lancaster Sound to the east coast or Europe.

Automation side expands Gould

By Our Financial Staff

VERY STRONG gains from its factory automation division helped Gould, the U.S. electronics systems and components producer, expand first quarter earnings from continuing activities by 33 per cent, from $15.8m to $20.9m, or from 35 cents to 46 cents a share.

Sales for the three months were 16.5 per cent better at $363m, against $311.5m.

Total earnings were 42 per cent ahead, from 31 cents to 4 cents a share, after stripping out losses on discontinued operations.

Mr William Ylvisaker, Gould's chairman and chief executive, said a strong improvement in most of the companies' electronics markets, begun in the fourth quarter of 1983, was building into a strong recovery in 1984.

Strong sales boost profits at NCR and Honeywell

BY PAUL TAYLOR IN NEW YORK

NCR and Honeywell, two of the major U.S. "bunch" computer manufacturers, has reported sharply higher first quarter earnings, spurred by sales and revenue gains and stronger orders.

Honeywell, which makes a wide range of control instruments as well as data processing equipment, reported a 78.4 per cent increase in net income to $39.6m, or 84 cents a share, from $22.2m, or 49 cents, on sales revenues up 5.2 per cent to $1.39bn, from $1.32bn.

Honeywell's total orders rose strongly worldwide with increases in all four business divisions.

NCR reported higher orders across the whole of its product range and in all geographic regions except the Middle East and Africa.

Earnings, revenue and orders at the Dayton, Ohio-based company reached record levels during the quarter despite the strong dollar. About half NCR's revenues come from overseas with Europe being the company's biggest overseas market.

Helped by higher margins net income advanced 34 per cent to a record $45.5m, or $1.70 a share, from $34.1m, or $1.25, on revenues up 10 per cent to $861m, from $781m.

Also reporting strong first quarter improvement was Motorola, a leading U.S. semiconductor and communications equipment group, where net income soared from $32m to $78.

Earnings per share jumped to $1.99 from 83 cents, and sales were up at $1.26bn from $942m, reflecting strong demand for electronic products, particularly semiconductors, the sales of which were up 53 per cent.

Motorola expects growth to continue for the rest of the year.

WestLB to tighten loan policy

BY JOHN DAVIES IN DUSSELDORF

WESTDEUTSCHE Landesbank (WestLb), the largest public sector bank in West Germany, is pursuing a policy of tighter risk management as part of an effort to restore its financial strength.

The bank was forced to divert almost all its operating earnings of more than DM 1bn ($380m) last year to cover write-offs and risk provisions on domestic and foreign business. And the shareholders—the state government, savings banks and other public authorities of North Rhine-Westphalia — had to forego a dividend for the fourth year in succession.

The enormity of the bank's problems touched off the sudden departure of two prominent members of the management board earlier this year.

Her Friedel Neuber, WestLB's chief executive, said that the bank was endeavouring to reduce possible risks with the aid of organisational changes and an improved "warning system."

These changes, introduced during the past year, are the outcome of thoroughgoing strategy reviews made since Herr Neuber took over the top job three years ago.

Herr Neuber refused to be drawn on dividend prospects, but said that the management and public shareholders were agreed that the bank's internal strength must take priority over dividend payments.

A bank with significant long-term credit business needed several years to reap the full benefit of a new strategic approach, he said.

Friedel Neuber

WestLB's unexpected setback last year is a sharp contrast to the improved performance of other leading West German banks.

Herr Neuber said, however, that WestLB's earnings from interest rate business and commissions were double its personnel and material costs last year. This showed the bank's earnings potential, he said.

Interest and commission earnings together reached DM 1.69bn, up 25 per cent on the previous year, while costs rose by only 2.2 per cent to DM 845m.

The bank's resulting partial operating profit of DM 843m was 60.3 per cent ahead of the previous year. The margin on interest rate business rose to 1.3 per cent from 1.07 per cent.

Taking account of other earnings, including reduced profits on trading, and other outgoings, including taxes, the bank was left with a surplus of nearly DM 1.1bn. Of this DM 30m was put into the mortgage bank subsidiary reserves.

The remaining DM 1.07bn was fully earmarked for write-offs and risk provisions—a figure of 35 per cent higher than the previous year's DM 791m. Bank executives said that including all operations, among them Luxembourg, the total set aside by the group was about DM 1.3bn.

Herr Neuber declined to give details of the group's losses and risks, but said 30 per cent were from foreign business and 70 per cent from domestic business.

He said it was still too early to assess the full scale of losses through the bank's involvement in Deutsche Anlagen Leasing (DAL), the troubled leasing concern in which WestLB is the biggest single shareholder, with a 30 per cent stake.

Herr Neuber said the bank expected operating profits this year to approach last year's level. It foresaw moderate growth in business, after a 4.9 per cent increase in the group balance sheet total last year to DM 139.4bn.

Pirelli buys stake in U.S. telecommunications group

BY ALAN FRIEDMAN IN MILAN

PIRELLI, the leading Italian cable and tyres group, is to spend just over $5m to buy around 15 per cent of a private U.S. telecommunications company which was formed six months ago to take advantage of the splitting of the American Telephone and Telegraph empire.

Pirelli is taking a stake in Wisconsin-based Litel, and hopes to penetrate the market for local area network transmission systems. Litel is already beginning to market its services *as a carrier of long-distance* services within the U.S. Midwest, connecting Chicago, Detroit, Pittsburgh and other cities.

In addition to buying into Litel, Pirelli will become the major supplier of fibre-optic cables and will handle engineering and installation projects. Litel has agreed to buy $17m worth of cables *from Pirelli for* the first part of its project, connecting Pittsburgh and Chicago.

● Sirti, the cable-laying subsidiary of the IRI-STET Italian state holding group, yesterday announced 1983 profits up 51 per cent at L42.1bn ($25.8m).

Sirti, which is involved in the Middle East, Africa and Latin America, employs 6,000 workers in Italy and 2,000 overseas. The company is at present carrying out a contract in Saudi Arabia involving the installation of a fibre-optics cable network. The contract is worth more than $300m.

AT & T spin-offs on target

TWO MORE U.S. telephone companies formed from the break-up of American Telephone & Telegraph have reported first-quarter earnings in line with or above expectations.

Nynex, parent of the New York Telephone and the New England Telephone companies, earned $221.7m on revenues of $2.28bn. Per share earnings were $2.29, compared with a *forecast of $9.54 for the full* year.

Mr D. C. "Bud" Staley, chairman, said the results were consistent with expectations and, in part, reflected efforts at keeping a tight rein on costs.

Pacific Telesis, which serves parts of California and Nevada, reported higher than expected first-quarter earnings of $208m of $2.04 a share. Earnings of $8 per share are forecast for the year. Reserves totalled $1.84bn.

Lindner company takes control of United Brands

By Our New York Staff

AMERICAN Financial Corporation, the private conglomerate headed by Mr Carl Lindner, the financier, has taken majority control of United Brands.

American Financial which has had a stake in Brands for some time, bought a further 16 per cent stake in the group at $27 a share in February, increasing its holding to 45 per cent. It has subsequently bought more shares and, according to a filing with the Securities and Exchange Commission, *now says it* holds 7.4m shares or 55.9 per cent of Brand's equity.

American Financial said in its SEC filing that it may buy or sell more shares in Brands, which has made only modest profits over the past decade despite a huge turnover.

● ACF Industries, the railway rolling stock and shipping group, has reached a merger agreement with a group led by Mr Carl Icahn, the Wall Street arbitrageur, under which ACF shareholders will receive $54½ a share.

The offer, which values ACF at $455m, replaces a $53 a share bid from the Icahn group, which controls 27½ per cent of the shares. The price will rise to $55 a share if the merger goes through after June 30 but before August 1.

INTERNATIONAL APPOINTMENTS

New chairman at Midland Bank SA

● Mr Leon Bressler has been *appointed chairman of the executive* board of MIDLAND BANK SA. He was previously director general. He succeeds Mr Herve de Carmoy, following his appointment as chief executive of Midland Bank International. Mr de Carmoy will be proposed as a member of the supervisory board of Midland Bank SA at the annual meeting on May 29.

● *TRAVELERS INVESTMENT* MANAGEMENT CO, Hartford, Connecticut, has appointed Mr William H. Lowden, Mr Stephen L. Roberts and Mr Edward Van V. Sands as vice-presidents. They will expand TIMCO's analytical capabilities in the chemical products, options and futures, and financial institutions areas.

● The following appointments have been made at AUSTRALIA AND *NEW ZEALAND* BANKING GROUP'S new representative offices in Frankfurt and Zurich. Mr Gordon F. Amos is senior representative, Frankfurt, and Mr Christopher R. Maltby is senior representative, Zurich. Mr Amos was manager, international finance at the London branch, and Mr Maltby was manager, *funds management, also in* London.

● Mr Hugh E. Gentry is joining BARNETT BANK of South Florida as president and chief executive officer. He was an executive with Wacharia Bank and Trust. Mr Albert Ernest, who has held dual positions, as chief executive of the bank and as senior executive vice-president for metropolitan banking with *Barnett Banks of Florida, Inc,* has been named chairman.

● Mr Leo Egloff, managing director of Silberkugel, the fast-food subsidiary of the Swiss-owned restaurant and hotel group Moevenpick, has succeeded Mr Ueli Prager as chairman of SILBERKUGEL.

● Dr Werner Fuchs is to succeed Dr Felix Tisi as management chairman of Swiss-based METTLER INSTRUMENTE, of Greifensee. Dr Tisi is to retire.

● EMHART CORP has created two posts to handle its worldwide operations. The board has elected Mr William C. Lichtenfels president and chief operating officer, and Mr Stephen J. Ruffi, vice-chairman and chief *administrative officer.* They were both previously executive vice-presidents.

● Mr Robert A. Deason has been named vice-president of engineering for WILCREST ENGINEERING CORP, a Protech International company.

● Mr Jesse W. Moore has been appointed acting associate administrator for space flight for the NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (Nasa). He succeeds Lt-Gen James A. Abrahamson, who becomes director of strategic defence, a new position in the Department of Defence.

● M Pierre de Longuemar has been appointed executive vice-president of BANQUE PARIBAS. He has held a variety of international responsibilities at Paribas, including *a period of second*ment to the World Bank Group from 1966 to 1970.

● SAFEWAY STORES, INC, California, has appointed Mr William M. Albers senior vice-president, distribution, from April 22. He was vice-president and director of warehousing and transportation at Wetterau Inc, a food wholesaler based in St Louis, Missouri.

● Mr Richard Genochio has been named vice-president of BP NORTH AMERICA INC. He will be in charge of the government and public affairs department, based in New York. He succeeds Mr Charles C. Nicholson, who returns to BP's London headquarters as assistant manager, external affairs in BP's government and public affairs department, specialising in western hemisphere matters.

● CHRYSLER CORP, Detroit, has elected two new board members. They are Mr Robert J. Lanigan, president and chief executive officer of Owens-Illinois, Inc, Toledo, Ohio, and Mr Robert S. Miller Jr, executive vice-president of finance and administration for Chrysler.

● Dr Hans R. Kramer has been named president of KALI-CHEMIE CORP, Greenwich, Connecticut, a subsidiary of Kali-Chemie AG of West Germany. He was president and chief executive officer of Dynamit Nobel of America, Inc.

Cash flow soon for Woodside Petroleum

MELBOURNE—Woodside Petroleum, in which Shell and BHP hold major stakes, said North West Shelf natural gas sales, scheduled to begin July 1, will provide the company with its first cash flow from production since it began exploration almost 30 years ago.

Cash flow into Vamgas, its 50.6 per cent owned listed unit, from onshore production in the Copper, Eromanga and Canning basis is also expected to increase significantly in 1984.

Construction of the A$2.1bn (U.S.$1.93bn) domestic gas phase of the North West Shelf project was 90 per cent complete at end-February.

Woodside, which has a 50 per cent stake in the venture, and other participants will suply the State Energy Commission of Western Australia (SECWA) with 385m cubic ft of gas per day for 20 years from January 1, 1985.

At plateau production, the domestic gas plant will also produce 300,00 tonnes of condensate a year. Gas produced from July 1 will be purchased by the SECWA under a separate agreement.

Turning to the A$8.5bn liquefied natural gas (LNG) project, Woodside said negotiations continue on converting into a sales agreement a 1981 Memorandum of Intent by eight Japanese utilities to buy the total output.

But the 1986 target date for start of LNG deliveries has been deferred because of the world recession and a sharp reduction in energy usage.

Woodside, which plans to cut its LNG stake from 50 per cent to 16¾ per cent, said latest estimates put shelf reserves at 30,100bn cu ft of gas and 524m barrels of condensate.

Reuter

Bata India earns and pays more

By P. C. Mahanti in Calcutta

BATA INDIA the country's leading shoe manufacturer lifted turnover from Rs 1.45bn to a record of almost Rs 1.6bn ($148m) in 1983. Pre-tax profits advanced from Rs 20.92m to Rs 47.49m and net profits were Rs 19.49m compared with Rs 11.42m. The dividend if lifted from 15 per cent to 20 per cent.

The return on equity of 9.89 per cent compares with 6.75 per cent in 1982. In 1980 the return on equity had dropped to a mere 1.86 per cent. Since then the company has tightened up its financial discipline, and has taken steps to improve productivity and efficiency all round.

The company's profitability ratios have risen from about 1 per cent in 1980 to 1.16 per cent in 1981 then to 1.78 per cent in 1982 and to 3 per cent in 1983.

Bata India's says it modernisation programme has led to improved operating efficiency and to increased production of high added value fashionable shoes.

Latin American exposure hits profits at Arlabank

BY DAVID LASCELLES

ARLABANK, THE consortium bank owned by 29 shareholders in the Middle East and Latin America, suffered a 7 per cent fall in profits last year as it adjusted to the Third World debt crisis, to which it is heavily exposed. The bank also received a $300m standby credit from its shareholders, of which $100m has been drawn down.

Nearly 70 per cent of Arlabank's assets are in Latin America, including 17.6 per cent in Argentina, 12.7 per cent in Mexico. and 10.6 per cent in Brazil. But the bank is in the process of restructuring its operations and shifting more of its business to the Middle East.

Profits fell to $17.3m from $18.6m in 1982. At the same time, the bank's balance sheet shrank from $2.2bn to $1.7bn as it sharply reduced its activities in the money markets.

Non-performing loans, which Arlabank defines conservatively as those on which arrears are 60 days overdue rather than the more usual 90 days, totalled $37.3m, or 3 per cent of the total loan portfolio. But the bank expects this to fall by more than half this year as stalled refinancing programmes for troubled debtor countries get going again.

Arlabank made a $2.6m specific provision for bad debts and set aside a further $2.5m in general provisions.

The $300m standby was made as a gesture of confidence in the bank by its shareholders. In addition, Arlabank's paid up share capital was increased by $25m to $200m.

Mr W. M. M. Makowski, the general manager, says in a letter to shareholders that "Last year earnings were at a satisfactory level representing a 1.2 per cent return on average assets and 11.2 per cent on average paid-up capital." Arlabank will not be paying a dividend this year. but $12.5m of new shares will be distributed and charged against unappropriated earnings.

Arlabank is now in the process of retreating from the Latin American market. It has moved its headquarters from Peru to Bahrain where it intends to stress fee-earning business, trade finance, letters of credit, guarantees, merchant banking, and leasing. But it will continue to finance commerce between the Middle East and Latin America, the purpose for which it was originally set up seven years ago.

The bank also hopes to open branches in London and New York. Mr Makowski says his aim is to build the bank "into a rationally structured high technology bank with a capacity to provide quality banking services."

Major shareholders include Kuwait Foreign Trading Contracting and Investment Co. Arab Banking Corporation, Libyan Arab Foreign Bank, and Banco do Brasil.

Konishiroku plans U.S. expansion

BY YOKO SHIBATA IN TOKYO

KONISHIROKU PHOTO INDUSTRY, Japan's second largest manufacturer of photographic paper and paper copiers is preparing to make a major advance into the U.S. market by taking a 34 per cent stake in Royal Business Machines, previously a fully-owned subsidiary of Triumph Adler of West Germany. Triumph Adler is in turn 98 per cent owned by Volkswagen.

In comparison with other Japanese plain paper copier makers, Konishiroku lags behind its competitors in the U.S. market. Having relied upon Royal the Japanese major finds itself with only 7 to 8 per cent of the U.S. market. Royal has held sole agent status for Konishiroku in the U.S. since 1971.

By taking an equity stake in Royal, Konishiroku expects to double its plain paper copier sales in the U.S. to Y100bn ($443.5m) in the next three years. Konishiroku and Adler Triumph are expected to sign an agreemnt on April 18 under which Royal Business Machine will hive off its typewriter division and will only handle copiers in the future and will also issue $60m worth of new shares. Konishiroku is also to appoint a deputy president to Royal as well as three other directors responsible for technology, accounts, and marketing.

There has been no objection from Adler Triumph to Konishiroku's offer, since Konishiroku's copier sales accounted for as much as 70 per cent of the U.S. subsidiary's annual turnover.

Currently, Royal Business Machine has some 50 branches and 200 dealers throughout the U.S. It plans to expand its sales outlets to 400 in two years.

United Tech advances by 21%

BY OUR NEW YORK STAFF

UNITED TECHNOLOGIES, the diversified U.S. defence, aero engine and electronics company, achieved a 21 per cent increase in net profits in the first quarter on a sales gain of 10 per cent.

Earnings totalled $133.5m or $2 a share, against $110m or $1.71 a year ago. Turnover rose from $3.5bn to $3.9bn.

As the fifth largest U.S. manufacturing company, and a manufacturer of defence equipment, elevators, control systems and Mostek semiconductors, UT is an important indicator of the strength of the U.S. economy.

Mr Harry Gray, chairman and chief executive, said most operating divisions showed revenue gains, although turnover in the power group was down slightly because of lower military engine sales. UT's Pratt and Whitney division recently lost out to General Electric in both navy and air force engine contracts, a business it has dominated for several years.

Mr Gray said the company was looking forward to continued growth throughout this year "and beyond." Strong gains in the commercial and industrial operations should more than offset a decline in military aircraft engine shipments. The group also intended to increase overseas sales, which now accounted for 40 per cent of revenues, and was assuming a "higher profile" in the U.S. space programme.

Carter Hawley bid defence move

BY OUR NEW YORK STAFF

CARTER HAWLEY HALE, the U.S. quality department store group fighting a $1bn takeover bid from The Limited, has turned for help to General Cinema, the cinema chain and soft drink group, in a bid to save itself from its small but aggressive rival.

Carter Hawley says it has said 1m shares of a newly-issued series of cumulative convertible preferred stock to General Cinema for $300m. Each share of the new stock will have 11.1 votes and will carry an initial dividend of 13 per cent, which falls to 10 per cent on conversion.

Under the deal General Cinema, which is slightly smaller than The Limited in terms of revenues and earnings, will have approximately 23 per cent of Carter Hawley's voting power. General Cinema will obtain board representation and will have a six-month option to buy Carter Hawley's Walden Book Company for $285m.

Revised terms for Selprop project

By Wong Sulong in Kuala Lumpur

THE MALAYSIAN authorities have finally given the go-ahead to the development of a S$1bn (US$ 480m) commercial property project in Kuala Lumpur by Selangor Properties (Selprop), but have made several significant revisions to the original terms.

Under the revised terms, set by the Capital Issues Committee (CIC), the paid-up capital of Selprop will be increased from 96m ringgit to 292m ringgit. The original proposals envisaged a paid-up capital of 640m ringgit, which would have made Selprop the biggest company on the Kuala Lumpur and Singapore stock exchanges.

The decison to scale down the paid-up capital is believed to be based on the CIC's desire that the company maintain its present rate of dividends.

Selprop will now buy the 92 per cent of Bungsar Hill Development (BHD) it does not own, for 337m ringgit to be satisfied by the issue of 51m new shares of one ringgit each, valued at 3.7 ringgit, and the issue of 189m convertible deebntures.

BHD owns 54 acres of prime land in Damansara in the Malaysian capital, and the development of the project has been the subject of much political bargaining and delays over the past five years.

The latest plans, aproved by the authorities, call for the development of the site over 15 years. The development is forecast to yield 7bn ringgit in sales and 2.5bn ringgit in profits to Selprop. Construction of phase one comprising nine blocks of offices totalling 2.5m sq ft has started.

Mondaine's freedom from traditional Swiss watch industry pays off

BY JOHN WICKS IN ZURICH

THE SWISS watch business has been going through a bad time. Recession and the structural weaknesses inherent in an old-established industry have taken a heavy toll. Between 1980 and 1983 alone, production and export annual volumes fell off by a good 40 per cent, to 34.4m and 30.2m units, respectively, and personnel by about a third to 32,650. In spite of Switzerland's belated entry into the large-scale production of electronic watches, the return to health is proving a slow one.

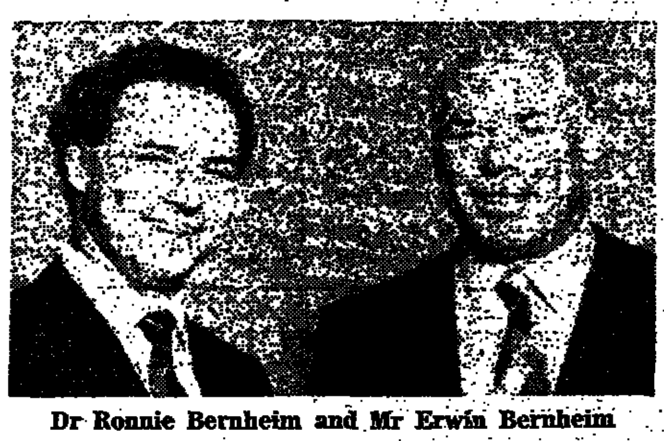
One of the most successful watch companies is one of the least typical. "Our biggest *single advantage is that we are* based in Zurich and not tied down by tradition," says Mr Erwin Bernheim, founder of Mondaine Watch. The family-owned company, since the very start something of an outsider, has become one of the country's top exports, accounting for 10 per cent of shipments—without ever having to book a loss. It has climbed to third place in Switzerland in production terms, if well behind the leader, Asuag/SSIH, the world's second largest watch group.

Mondaine, far from sharing the illustrious heritage of most competitors in the valleys of the Jura, first saw the light of day in Brazil. In 1951, the company Frank and Bernheim was set up in Rio de Janeiro for the import and distribution of Swiss watches. By 1956, two years after the registration of the brand name "Mondaine," the concern was selling over half-a-million watches a year in South America.

However, it soon same to the heretical conclusion that some of its suppliers were unreliable and their products not up to scratch. So in 1959 the partners decided to go into the Swiss manufacturing business themselves by buying one small factory and building another, setting up the Remonta subsidiary in Biberist. Over the following years, this production base was expanded by further takeovers and green-field investments.

In the mid-1970s Mondaine became one of Switzerland's first watch groups with a Far East affiliate, by acquiring Asia-Swiss Industrial, the Hong Kong-assembly concern. In Brazil itself, the group began local output through a new subsidiary, Brasil-Swiss.

Having made its entry into production with mechanical watches, Mondaine soon made a name for itself as a pioneer in the electronics field. *In* the early seventies its research and development division had been among th first to develop light-emitting-diode (LED) and liquid-crystal-display (LCD) watches. The Remonta plant subsequently became the second in Switzerland to start making LCD watches, and was soon joined by the Siegfried Allemann plant, which Mondaine bought in 1974



Dr Ronnie Bernheim and Mr Erwin Bernheim

The research division booked a number of firsts for the company in the 'seventies.

Mondaine also established an international sales network. Like the production subsidiaries, these are seen as profit centres with a large degree of autonomy—meaning that they are not bound to buying group products

As well as things have gone, the company has just carried out a major re-organisation programme. Mr Bernheim and his son, Dr Ronnie Bernheim, unlike some of their compatrios, appear to have seen the writing on the wall in good time.

One of the most striking recent developments in the world watch market has been the down-grading of the place of mechanical movements. Over-capacity and the supply of cheap quartz watches have led to totally uneconomic price levels. Mondaine has cut back group output by about 2m units a year to 4.5m, of which some 3m are produced in Switzerland. Two-thirds of the total is now accounted for by finished watches, and a third by movements. The share of electronic watches has increased.

This re-structuring of the production programme *has* been accompanied by a marked change in the geographical breakdown. Until recently, the ties with Brazil had remained very strong: in 1982, some 40 per cent of the group's SwFr 121m (U.S.$56m) turnover was accounted for by this single market. Although Mondaine has built up its production operations in Brazil in the past two years—by expanding its Quartz Eletron subsidiary in Manaus, opening a leather accessories plant there, and increasing capacities for steel watch-straps and leather goods in Teresopolis—the group has been affected by the unfavourable economic situation.

Last year, its Brazilian business dropped off by as much as SwFr 16m, to SwFr 24m. In all, group sales dropped by 23 per cent in 1983 to SwFr 93m. Profits are not published by the family company, but were "just as good" as for 1982, according to Erwin Bernheim. Since turnover fell substantially, this indicates a marked improvement in profitability.

Reducing the relative importance of Brazilian sales, in particular, and those of movements and mechanical products in general has obviously paid off. Now the Bernheims are looking at *long-term solutions* to the problem of expanding sales at at time of market saturation.

The key policy lies in ducing a series of quality watches at *low* and medium prices. Connected to this is what Ronnie Bernheim describe as "co-operative marketing." In contrast with most Swiss watchmakers, *Mondaine does not aim its sales* at the traditional retail outlets, specialised watch shops, but seeks to concentrate its efforts on a limited number of major customers with long-term demand.

These include department stores and mail-order houses, but also outside companies and associations using watches for promotional purposes—such as newspapers' gifts to new subscribers. Mondaine itself provides marketing services to such corporate clients: in Switzerland, which accounts for 10 per cent of total group sales, it offers watches as fashion accessories as part of a package deal with clothing stores.

The marketing projects are going well in Europe, where the group most wants to expand its sales. British and German mail-order houses are among those showing the most interest, apart from business in Switzerland itself.

Together with Migros, the Swiss retail co-operative Mondaine last year launched the "M-Watch." The name itself was in line with a change in company strategy, since the group had until recently been selling most of its watches under customers' brand names.

Introduced to Migros shops at a standard price of SwFr 38 (with a de-luxe version for an extra SwFr 10), the plastic-cased "M-watch" was an immediate success. Stocks were regularly sold *out* day-by-day by 10 am, and Mondaine had to supply many times more of the quartz watches than foreseen—diverting to Migros most of those which had been earmarked for export. In the first ten months of production, no fewer than 230,000 were sold in Switzerland through Migros and a further 80,000 in 13 different export markets—including Japan.

The "M-watch"—the name stands for Migros in Switzerland and Mondaine abroad, though b a happy coincidence almost all *foreign* partners also have a name starting with "M"—is currently being turned out in three sizes at a total rate of 60,000 a month. This year, Dr Bernheim plans a "massive" increase in exports—to 17 or 18 countries—and says sales continue to be excellent.

INTL. COMPANIES & FINANCE

INTERNATIONAL APPOINTMENTS

New Goodyear Intl. president

● Mr Eugene R. Culler, chairman and managing director of Goodyear Great Britain, has been elected a vice president of GOODYEAR INTERNATIONAL CORPORATION responsible for Europe and Africa. He has also been named to the newly created post of president of the European tyre division located in Brussels. Louis S. DiPasqua, executive vice president of sales and marketing for Goodyear's subsidiary, Kelly-Springfield Tyre Company in Cumberland, Maryland, will succeed Mr Culler in England. Mr Culler succeeds Mr Alan L. Ockene, who is being reassigned to the company's headquarters in Akron, Ohio, U.S.

● UNIROYAL INC, New York, has realigned its senior management. Chemicals division president, Mr Vincent A. Calarco, has been named to the new post of corporate vice-president, strategy and development, and group vice-president, tyres worldwide, Mr Sheldon R. Salzman, to the new post of group vice-president, chemicals worldwide. Domestic tyre division president, Mr Robert J. Ratliff will succeed Mr Salzman.

● Mr William Scammell has been appointed deputy chairman of SANTOS, the Australian onshore energy producer. Mr Scammell, who has served on the Santos board since last October, is chairman and chief executive of the Adelaide-based F. H. Faulding and Co.

● Dr F. Fahrni has been appointed head of the reorganised weaving machinery division of the Swiss engineering group SULZER BROTHERS. Divisional management, hitherto based in both Rueti and Oberwinterthur, he will now be mainly based in Rueti. Dr K. Lienhard, present head of the Rueti weaving-machine division, is leaving the company.

● Mr Anthony Curmi, assistant group genral manager of BARCLAYS GROUP ITALIA, has been appointed group general manager from September 26 on the retirement of Mr Ken Bromley. Mr Timothy Ward, general manager (banking) in Italy will succeed him as deputy group general manager. Dr Gian Marco Petrelli has been appointed general manager (banking) in Italy from June 1.

● Mr Keith Green has been appointed senior National Westminster Bank representative with CREDITWEST, based in Milan, (NatWest has a 31 per cent holding in Creditwest). He succeeds Mr Jean Claude Fouque who will be returning to the UK on completion of his tour of duty. Mr Green was regional manager, Latin America, international banking division based in London.

● Mr Abraham de Koning has joined HRO INTERNATIONAL, the New York-based development company. He will be responsible for HRO's property management programme in New York and deputise for Mr Howard Ronson, international chairman of HRO International. Mr de Koning was senior partner of Jones Lang Wootton Holland, based in Amsterdam.

● Mr K. Smith has been appointed managing director of CERAMCO, one of New Zealand's major manufacturing groups, in succession to Mr Tom Clark. Mr Smith joined the company as accountant in 1958 when it was known as Amalgamated Brick and Tile. Mr Clark will stay on as deputy chairman.

● BANKERS TRUST COMPANY, New York, has appointed Mr S. Peter Poullada to head the representative office which it plans to open in Istanbul in May. Mr Poullada joined the international department of Bankers Trust in New York in 1980, and has been responsible for the bank's marketing activities in Turkey.

● AVCO CORP, of Greenwich, Connecticut, has named the following executive directors: Mr Robert B. Clendenen has been made executive director, management audit. Ms Joanne T. Lawrence has become executive director, corporate communications and investor relations. Mr Paul W. Meyers has been appointed executive director, taxes, and Mr Kenneth J. Panzarella has been named executive director, information systems.

● Mr A. Aziz Sakrani, a member of the executive board of MUSLIM COMMERCIAL BANK, has been promoted to president and chief executive.

NORTH AMERICAN QUARTERLY RESULTS

M. LOWENSTEIN
Fabrics, textiles

First quarter	1984 $	1983 $
Revenue	165.1m	127.7m
Net profits	8.5m	3.9m
Net per share	2.51	1.17

McGRAW-HILL
Business publishing

First quarter	1984 $	1983 $
Revenue	300.2m	275.9m
Net profits	26.7m	22.7m
Net per share	0.53	0.45

NORSTAR BANCORP
Multibank holding company

First quarter	1984 $	1983 $
Assets	5.27bn	4.09bn
Net profits	15.9m	12.5m
Net per share	1.17	1.22

NORTH AMERICAN PHILIPS
Electrical, electronic products

First quarter	1984 $	1983 $
Revenue	975.7m	808.7m
Net profits	22.9m	13.0m
Net per share	0.80	0.47

ROLM
Telecomms eqpt.

Third quarter	1983-84 $	1982-83 $
Revenue	175.5m	124.8m
Net profits	10.2m	8.7m
Net per share	0.40	0.43

SQUARE D
Electrical Products

First quarter	1984 $	1983 $
Revenue	326.3m	282.2m
Net profits	24.3m	12.1m
Net per share	0.85	0.43

STAUFFER CHEMICAL
Agricultural products, chemicals

Second quarter	1983-84 $	1982-83 $
Revenue	418.8m	364m
Net profits	17.7m	18.8m
Net per share	0.39	0.43
Six months		
Revenue	803.8m	762.8m
Net profits	36.8m	29m
Net per share	0.81	0.67

TEXAS OIL & GAS
Oil and gas exploration

Second quarter	1983-84 $	1982-83 $
Revenue	572.7m	485.0m
Net profits	87.9m	73.3m
Net per share	0.42	0.35
Six months		
Revenue	1.05bn	915.0m
Net profits	167.4m	141.9m
Net per share	0.80	0.68

UNITED TELECOMMUNICATIONS
Non-Bell phone system

First quarter	1984 $	1983 $
Revenue	686.8m	610.3m
Net profits	61.2m	54.1m
Net per share	0.71	0.64

UPJOHN
Health care, chemicals

First quarter	1984 $	1983 $
Revenue	563m	484.1m
Net profits	65m	45.5m
Net per share	2.13	1.50

U.S. BANCORP
Bank holding company

First quarter	1984 $	1983 $
Assets	6.26bn	5.85bn
Net profits	12.7m	13.1m
Net per share	0.71	0.74

U.S. SHOE

Fourth quarter	1983-84 $	1982-83 $
Revenue	483.4m	383.5m
Net profits	31.85m	27.68m
Net per share	1.45	1.26
Year		
Revenue	1.51bn	1.25bn
Net profits	75.22m	60.12m
Net per share	3.41	2.71

WHIRLPOOL
Household appliances

First quarter	1984 $	1983 $
Revenue	764.5m	803m
Net profits	52.8m	40.5m
Net per share	1.45	1.11

WACHOVIA
Bank

First quarter	1984 $	1983 $
Revenue	—	—
Net profits	24.3m	22.2m
Net per share	1.51	1.38

UK COMPANY NEWS

Harrison Cowley 27% ahead at £0.71m

WITH ALL the agencies in the group making contributions, pre-tax profits of Harrison Cowley (Holdings) rose to £710,000 for 1983, *an improvement* of 27 per cent over the £557,000 reported for the previous year.

Figures for the second half advanced to £402,000 (£276,000). In their interim statement the directors expected these to equal the £308,000 of the opening half.

Earnings for the full year were up by 43 per cent to 7.3p (5.1p) and a final dividend of 2.95p (2.7p) raises the net *total by* 0.35p to 4.55p per 5p share.

For the current year results at least equal to those now reported are expected.

Sales for 1983 expanded from £17.64m to £20.69m — Harrison's is a holding company for a group of advertising agencies, marketing and public relations consultants.

The increase in profits was attributed to a combination of increased spending by existing clients, a material number of new clients and to tight control of costs.

All the agencies, together with HCPR and Executive Selection, made a contribution to profits.

The current year has started well with new accounts and projects *billing* £2m per annum gained during the first quarter, including material increases in PR fees, partly owing to assignments from Cadburys and Farley Health Foods.

The in-house computer typesetting installed in Bristol has proved successful and similar equipment is being bought for the Southampton agency. There are plans to expand this facility still further.

Tax for 1983 took £345,000 (£302,000) and attributable profits amounted to £365,000, compared with £255,000.

Allowing for current cost adjustments pre-tax profits totalled £635,000 (£497,000) and on the same basis earnings per share emerged at 5.8p (3.9p).

Yearlings unchanged

The interest rate for this week's issue of local authority bonds is 9⅞ per cent, unchanged from last week and compares with 10½ per cent a year ago. The bonds are issued at par and are redeemable on April 18 1985.

A full list of issues will be published in tomorrow's edition.

Hawker Siddeley makes £138m and lifts dividend

IMPROVEMENTS in Australia and the UK in the second half have helped push the Hawker Siddeley Group of electrical and mechanical engineers to a profit of £137.5m for 1983, compared with £116.2m. The final dividend is 7.1p for a net total of 11p, *against 9.8p*.

Turnover was ahead by £50m to £1.46bn while the trading profit rose nearly £15m to £132.8m, comprising electrical engineering £56.9m (£44.1m), mechanical £53.2m (£54m) and Hawker Siddeley Canada — mainly mechanical — £22.7m (£19.8m). Redundancy costs were pruned to £6.3m (£6.8m) but there was interest received of £4.7m (charge £1.7m).

The directors report that dull conditions spread to some new places, but lifted elsewhere, most notably in the U.S. In Canada, conditions eased a *little in some* sectors, but others such as the railway running equipment area, were still depressed.

In Australia, a distinct lift occurred in the second half, although most of the mining industries served by the group were still at low production levels. At home the second half brought improvements in some sectors; order books showed a slowly rising trend in total in that period.

On the whole conditions are improving, though there is very strong international competition and shortage of credit in many markets. The directors point out that the shortage of credit has resulted in the postponement of

Sir Arnold Hall, chairman of Hawker Siddeley Group

many large projects around the world.

After tax £42.9m (£32.2m) and minorities £9.7m (£7.2m) the attributable profit *is* £84.9m (£76.8m) for earnings of 43p (38.9p) per share. There are closure costs of £3.8m (£3.6m).

As a result of the 1984 UK Budget, a deferred tax account of £35m has been created at end 1983. This reflects a transfer of £31m from retained profits with the balance of £4m being mainly attributable to minorities.

At the year end assets totalled £1.11bn (£915m) of which shareholders' funds stool at *£782m* (£643m). The cash generation was £89.4m and capital expenditure for the year came to £33.9m.

The group's freehold and long leasehold properties were valued at the *year* end *mainly* on an open market value, assuming continuation of the existing use. There arose a surplus of £107m over book value, of which £93m has been credited to revaluation reserve and the balance is attributable to minorities.

See Lex

BSG recovers and earns £3.3m

PROFITS OF £3.27m before tax, compared with losses of £1.29m, were achieved by BSG International in 1983, and management accounts for the first quarter of the current year show an improvement on the compar*able three months.*

Vehicle distribution trading profits advanced from £1.99m to £3.2m and manufacturing pushed its contribution up by £2.84m to £4.27m. Overall, group turnover expanded to £288.3m, against £258.2m.

And after two years of nominal 0.1p dividend payments the directors are recommending a *final payment o f 0.65p for a 1p* total, w ith earnings per 10p share at 3.84p (loss 3.34p).

Commenting on the results the directors say that trading conditions improved in the year. This factor, coupled with the benefits now being derived from actions taken by management in previous years, resulted in BSG's vehicle distribution and manufacturing companies sharing fully in the somewhat marginal economic recovery. The latter showed a particular improvement *over the previous year.*

Group borrowings were reduced in the year by some £6.5m.

At the halfway stage the company reported substantially higher profits of £1.58m (£216,000) with turnover at £146.5m (£131.1m).

● comment

The extent of BSG's success last year has allowed the company to make an effective attack on its fundamental weakness—its burden of debt—cutting borrowings back from 158 per cent to 115 per cent of shareholders' funds. Its future depends critically on generating enough cash to make *similar progress at least for the* next two years. To achieve this, BSG must look chiefly to its manufacturing side where margins are so much better than in vehicle distribution. Certainly the prospects are good—BSG is supplying lights for the new range of BL models, the Metro, Maestro and Montego, and in the autumn is launching a new line —van seats. There are problems still with the French operation but the West German automotive and the UK-based aircraft equipment businesses are performing well. As the balance sheet slowly begins to look more healthy a rights issue could be an attractive option for BSG, as long as shareholders can be convinced that the return to good trading profits is permanent. At 21½p up 1½p, the shares trade at a historic p/e of 5.6 on an actual tax basis.

Adwest up at £2.7m and expects further rise

THE LEVEL of demand for most products of the Adwest Group, engineers, improved in the interim period and contributed to a £254,000 rise in taxable profits to £2.66m.

The directors expect the second half to show at least the same rate of improvement on the £4.44m achieved in the comparable period.

The interim dividend for the period to end-December 1983 is effectively raised from 1.4p to 1.5p; last year's final payment was an adjusted 4.667p.

Managerial effort, the directors say, has been devoted to Bowden France, a 95 per cent owned automotive subsidiary, which has strengthened its financial position. Trading continues to *improve, they add.*

Tax took £1.17m (£791,000), leaving net profits at £1.48m (£1.61m). Minorities were £33,000 (£20,000) and last time there was an extraordinary *£234,000 debit.*

In February, Adwest acquired 75 per cent of Abeco, a manufacturer of specialist tools for the electronics and electrical industries and, in particular, wire *stripping devices. This business* will complement that of Ross Courtney & Co., the directors say. The net asset value of Abeco, at acquisition, was £685,000.

	First half 1983-84 £000	1982-83 £000
Pre-tax profit	2,655	2,401
Tax	1,173	791
Minorities	33	20
Attributable profit	1,449	1,580
Extraordinary items	—	†224

† Debit.

● comment

With the market expecting nearer to £3m, Adwest's £2.6m clearly disappointed, and the shares *slipped* 10p to 150p. No figures are given, but French losses probably clipped around £0.15m off the group results. With last year's French losses of *£0.56m all coming in the second* half, the trend, at least, is in the right direction and the company's clear statement on progress across the Channel suggests that the second half deficit might be even less. This has overshadowed the rest of the group, where growth is picking up nicely. The star performer is the steering gear interests; volume is much stronger, thanks to the Jaguar contract and some improved market penetration on the trucks side. This puts the group back on a recovery trend, where around £8.3m looks possible this year. On a 44 per cent tax charge, the prospective p/e is over 10.

BCA plans £17m rights and flotation of investments

BY ALISON HOGAN

THE British Car Auction Group is raising £17.2m by way of an underwritten 4 for 13 rights at 98p per share.

It is also planning to float off as a separate investment company its investments in assorted publicly quoted companies including Group Lotus, Cope International and Pineapple Dance Studios, but excluding Attwoods. The investments, which cost around £7m, have a market value of £9m.

Mr Michael Ashcroft's Hawley Group, which has stakes in many of the same companies, will have an interest in the new investment company which should be floated off before the end of the year.

The rights issue money will be used in part to reduce borrowings in the UK but the bulk, £12.59m, will go to the U.S. to repay a facility with the National Bank of Detroit and to provide additional resources for its U.S. subsidiary Anglo American Auto Auctions.

BCA has been expanding rapidly in the U.S. but the rate of acquisitions is expected to slow.

In the UK, BCA *has received* permission to build car auction facilities at Blackbushe Airport, Hampshire, and expects to acquire the site for no more than £8m.

The directors of BCA forecast profits before tax and extraordinary tiems of not less than £8m, compared with £6.02m. They expect to recommend a final dividend of not less than 1.8p net.

HIGHLIGHTS

Lex looks at the figures from Hawker Siddeley where profits came out at £80m against £55 in the second half pushing the share price up by 34p to 452p. Now the question is where Hawker's going with its cash pile. The column then discusses the purchase by Scottish and Newcastle of a regional northern brewer in a complicated financial package worth £52m, before *turning its attention to the preliminary figures from Northern* Engineering and finally commenting on the PSBR for 1983-84.

● comment

BCA *has* applied a very *success*ful formula to the car auction business in the UK, selling mainly to the trade from its 14 sites. It *appears* to be repeating the strategy equally successfully *in the U.S. Investors attracted to* such a strong cash generating business can have few complaints—except for BCA's growing inclination to make investments in assorted quoted com*panies, often in tandem* with Michael Ashcroft's Hawley Group. They include Coleman Milne which in its turn has built up a 20 per cent stake in Henlys, and Cope Allman. Shareholders *may not be particularly appeased* to hear that the motley collection of investments is to be put together and floated off as a separate investment company, possibly adding a further discount to their original investment in BCA. If BCA had waited a few months it could have *raised equity in the* U.S. through Sandgate with which it is merging. And it will get further finance from the planned flotation of the investment company. Either way, the gearing *at under 50 per cent* was *not* excessive given that the full cash potential of the newer car auctions has yet to come through. The *profit forecast,* including savings on interest costs post-*rights, is unexciting unless very* conservative and would indicate that the business lost through bad weather in the first half may not have been regained in the second. The shares which fell *6p on Monday, slipped a further* 5p to close at 112p.

Border Trust £15m debenture

Border & Southern Stockholders Trust, an international investment trust with total resources of about £185m, yesterday announced the issue of a £15m long-term debenture stock.

The stock will be redeemed in 2014 and carry a coupon of 11½ per cent. When dealings start at 2 pm tomorrow, it will be issued at £98.19 per £100 nominal, giving a gross redemption yield of 11.723 per cent. This represents a margin of 1.2 per cent above the comparable gilt-edged stock, 13½ per cent Treasury stock 2004-08.

Border & Southern said yesterday that the present level of UK interest rates and the investment opportunities open to the group offered a favourable climate for a debenture issue. Allowing for the repayment in 1984 and 1985 of stocks worth £1.2m, yesterday's issue will raise the company's gearing from 1.2 per cent to about 8 per cent of total resources.

The *issue is by* way of a placing arranged by stockbrokers de Zoete and Bevan, and the stock will be secured by a floating charge on all of the undertaking, property, assets and rights of the company. It will rank in security after the floating charge securing the existing debenture stocks, of which there are £2.2m issued and outstanding, and the charge securing the £3.7m bank overdraft.

Interest will be payable half-yearly. About 45 per cent of B—der and Southern's resources are invested in the UK, with 23 per cent in the U.S. and the rest in other overseas markets.

● comment

Coming in the wake of debenture issues by Scottish Northern and TR City of London in February, Border and Southern's offering appears as further recognition of the narrowing yield gap between fixed interest stocks and equities. For years, interest rates have been too high for investment trusts to be able to reinvest the proceeds of debenture issues without making holes in their revenue *accounts. Border and* Southern's high level of unfranked income will allow it to reduce the effective net coupon to 5.85 per cent in the first year, rising a couple of points in the next four years as UK corporation tax tails off to 35 per cent. The group has stuck its neck out for the largest debenture possible without putting strains on its ability to pay dividends, but it may come back for more if interest rates fall further. With gearing at only 8 per cent of total resources after the debenture, the company has more scope than most investment trusts to increase its borrowings.

UK COMPANY NEWS

S. Pearson rises £17.5m and lifts dividend to 14p

PRE-TAX profits of S. Pearson & Son rose by £17.5m (or 29 per cent) to £77.35m over the 12 months to December 31 1983 and the company is lifting the final dividend from 7.45p to 9p, to make a total of 14p net, compared with 11.2p previously.

Lord Blakenham, who took over as chairman of the company last September, says the largest contribution to the pre-tax profit increase came from the information and entertainment sector.

Here, profits improved by a little over £11m to £37.71m. The chairman points out that the rise would have been better had it not been for the strike at the Financial Times last summer which cost about £6m.

The fine china sector improved its results by some £8m and both merchant banking and engineering showed improvements but by lesser amounts.

The only sector to decline was oil and oil services, mainly in the U.S. where the trend remains downward.

Group turnover for the year, excluding banking and investment income, advanced from £718.54m to £730.37m and profits before interest totalled £83.48m, compared with £76.98m.

A divisional breakdown of these profits shows: *information and entertainment* (including Pearson Longman, the Financial Times, Westminster Press, Penguin Publishing, Goldcrest Films and Television, and Madame Tussaud's) £37.71m (£26.38m), fine china (Royal Doulton) £13.41m (£5.54m), oil and oil services (£14.52m (£24.16m), merchant banking £13.42m (£11.52m) and engineering £10.27m (£6.97m).

There was a debit of £840,000 (£921,000 credit) for other interests, less head office expenses and discontinued activities nil (£1.48m).

Interest charges fell by £5.99m to £11.13m. Tax rose from £22.55m to £30.1m and was made up as to UK £13.89m (£5.7m), overseas £12.23m (£13.43m) and associate companies £4m (£3.42m).

Minorities amounted to £5.32m (£6.56m) and extraordinary debits totalled £504,000 (£6.72m).

Earnings per 25p share, pre-extraordinary items, emerged at 45.07p, against 33.13p.

The tax charge was calculated on the basis of the proposals in the current Finance Bill to phase out first year allowances on capital expenditure and to abolish stock relief. The company says the broad effect will be to accelerate the payment of corporation tax, but at reduced rates.

Consequently, the charge for tax on the profit for the year included an additional £489,000 in respect of deferred tax and a provision of £8.16m was included in extraordinary items for referred tax in respect of earlier years.

At six months group pre-tax profits showed an improvement to £27.2m (£20.21m). In his interim statement the chairman said the results for the rest of the year would reflect a downturn in Camco, the group's U.S. oil service business, and further costs of the Financial Times strike.

However, as a result of a greater carry-forward of advertising revenue than envisaged he added that this was likely to be substantially less than the original estimate of £6m for the second half.

Steel Brothers ahead at £11m

A SHARP reduction in interest payable from £4.17m to £1.89m more than offset an operating shortfall at Steel Brothers Holdings and resulted in a full year taxable profit £1m higher at £11.06m.

For calendar 1983, profits at the operating level declined from £18m to £17.06m with turnover £9.33m lower at £119.57m. The charge for depreciation was higher at £4.11m, compared with £3.82m.

Results from food and catering operations, with profits down at £6.96m (£7.13m), reflected more difficult trading conditions in the Middle East, the directors say.

Rock products and construction supplies contributed more at £2.84m (£1.35m), due to lower interest charges and a substantial reduction in debt following receipt of compensation of £12m (£8.4m) from Anaconda Copper for a contract cancellation.

Elsewhere, profits from engineering fell to £319,000 (£783,000) and action has recently been taken to terminate certain loss-making activities.

General trading operations were greatly improved, particularly in Australia and East Africa, with profits up from £119,000 to £516,000. Insurance broking profits were lower at £442,000 (£547,000) and investment income fell to £21,000 (£43,000).

The final dividend is being lifted from 8p to 9p for a higher net total of 13p (11.5p). Earnings per 25p share are shown as 47.76p (51.7p).

Tax took £3.67m (£3.1m), with £3.09m (£1.09m) attributable to overseas, leaving net profits at £7.39m (£6.92m). Minorities took £669,000 (£306,000).

● comment

These figures somewhat flatter *Steel Brothers*, since the improvement in profits is almost entirely due to reduced interest charges following the sale of the controlling interest in a Middle East subsidiary, and compensation for the cancellation of a long-term supply contract in the U.S. The underlying trading performance was unimpressive: the group's two main businesses—food and catering in the Middle East, and rock products and construction supplies in the Western U.S. and Canada—both operate in markets so far untouched by economic recovery. The City certainly expected more, particularly after a strong performance in the first half, and marked the shares down 8p to 395p, where the historic p/e is an undemanding 8 on an actual tax basis and they yield an uninspiring 4.8 per cent. The group is understandably cautious about the current year's prospects for its two main businesses, but there should be some useful improvement in the smaller activities—general trading, insurance and, following rationalisation, engineering. For the future, the reduction in borrowing, bringing net gearing down from 41 per cent to 16, should open up opportunities for some moderate expansion.

Walter Lawrence rises 17.5% and lifts dividend

IN LINE with the board's confidence at mid-way, Walter Lawrence, the industrial holding company with interests in construction and engineering, achieved a 17.5 per cent increase in taxable profit, up from £2.24m to a record £2.63m, for the year ended 1983.

The final dividend is lifted from 6.55p to 7.25p, to give an improved total of 10.25p against 9.3p.

Group turnover showed a substantial increase, rising from £68.32m to £82.02m. Significant growth in construction and house-building meant improved profits in this competitive market, states the chairman, Mr John Redgrave.

The manufacturing and engineering divisions continued their recovery during the year, and group order books are healthy.

Pre-tax profits were after deducting £130,000 (£110,000) for the employee profit sharing scheme. Tax absorbed £369,000 against £204,000.

Extraordinary debits were reduced from £481,000 to £319,000 and earnings per share were 44.3p, against 40.5p.

Borrowings increased due to the greater level of house-building and continued growth in the land bank, but they have been reduced by more than £1m through sales proceeds received in the current term.

Shareholders' funds increased to £13.1m at year end, equivalent to 256p per share at book value.

Equity and Law Life total funds over £2bn

Total funds under management of Equity and Law Life Assurance Society passed the £2bn mark last year, reaching £2.08bn at the end of the year. The long-term funds rose by more than £350m during the year to £1.94bn and reserves rose marginally to £134m.

Premium income rose by nearly 30 per cent to £217.5m and investment income by 12 per cent to £121.6m. Claim payments were over 40 per cent higher at £115.9m.

The company invested one-third of its new money on its main portfolio of £39m in UK equities and a slightly lower amount in overseas equities. Only £2m was invested in gilts, but a further one-third in other fixed interest stocks.

At the end of 1983, the main portfolio was valued at £1.46bn—of which £425m was in gilts, £445m in UK equities, £171m in overseas equities and £296m in UK property. Unit-linked business amounted to £467m and the Society's overseas business £153m.

In respect of its overseas operations, the company reports remarkable growth in Holland, where it is now ranked 14th out of 70 companies transacting life business. The company is starting to make headway in West Germany and it has just started operations in Belgium.

Mr P. D. J. H. Cox in his chairman's statement regretted the Chancellor's action in withdrawing life Assurance Premium Relief, which was taken without any effective discussion of the considerations involved. He called on the Government to reconsider its decision that the relief would also be withdrawn from a policy already in force if its benefits were enhanced.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Adwest Group ......int.	1.5	June 6	1.4*	—	6.07*
BSG	0.65	July 2	nil	1	0.1
Comfort Hotels	0.52	—	0.45	0.74	0.65
Harrison Cowley	2.95	May 31	2.7	4.55	4.2
T. C. Harrison	1.68	—	1.59*	2.3	2.2*
Hawker Siddeley	7.1	July 5	6.1	11	9.8
Johnsen & Jorg.‡	2.15	—	2.75	3.15	2.75
Kalamazoo ......int.	0.5	May 25	0.83	—	3.33
Walter Lawrence	7.25	July 2	6.55	10.25	9.3
NEI	3.6	July 2	3.25	5.25	4.75
S. Pearson	9	June 15	7.45	14	11.2
Steel Brothers	9	July 2	8	13	11.5
Strikes Restaurants‡	1.1	—	—	1.6	—
Websters Group	2.2	—	1.9	3.1	2.7

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

UK COMPANY NEWS

Websters advances 37% to £2m and calls for £3.2m

WEBSTERS GROUP, a printing, publishing and wholesale book distributor, is raising £3.15m by way of a rights issue, the second call for funds from shareholders in two and a half years. A rights issue in October 1981 raised £0.44m.

The cash call is accompanied by the announcement of a 37 per cent rise in pre-tax profits to £2m against £1.46m, for 1983 and a higher net final dividend of 2.2p per share, which raises the total from 2.7p to 3.1p.

The rights is at 84p per share and is on the basis of one-for-three, payable in full on acceptance by May 26.

The directors want the money to develop and expand Webber's existing operations in book and computer software markets. They say the net proceeds will reduce gearing and give "a more appropriate ratio between borrowings and shareholders funds."

Sir Peter Lane, the chairman, says that the successful launch made into the home computer software market last year has opened up "significant new opportunities for growth."

He does not give a forecast for 1984 since trading is heavily dependent on the second half—"and the effects of this seasonal trend are increasing as the group grows in size." However, he says that the directors are confident of this year's outcome and intend to at least maintain the dividend on the enlarged capital.

The 1983 figures show a first time contribution of £0.77m to profits, on sales of £5.47m from the new home computer software activities.

Book distribution increased its contribution from £1.37m to £1.77m. Bookshops turned in almost £0.3m (£0.26m) while *publications and printing contributed* £0.23m (£0.16m).

There was a £0.63m loss at Felix visual communications, which is attributed to the extended development period of the project.

Group turnover increased *from £40.31m to £51.84m.* Interest charges took £0.43m (£0.33m).

Earnings per 5p share were 10.3p, against 7.9p. Tax took £0.79m (£0.53m).

On a current cost basis pre-tax profits were £1.48m (£1.07m), with earnings per share at 5.9p (4.9p).

The issue has been underwritten by Investors in Industry Corporate Finance, which holds a 28.6 per cent stake in Websters. *Brokers to the issue are* Grenfell & Colegrave. Dealings in the new ordinary are expected to begin on May 4.

● comment

Webster's shares took the unusual route of moving upwards on the rights announcement—from 107p to 128p. If anything, this was probably due to the disclosure that the company's fleet-footed entry into the buoyant home computer software market brought in a healthy £0.7m on a margin that substantially outranks all *other interests. Not bad for starters,* and a clear incentive for further investment. Unfortunately, the rest of the business is also making demands for extra working capital; hence the rights issue, which brings gearing down from more than 65 per cent of shareholders' funds to a more manageable 10 per cent. Felix is still soaking up developments costs but there is every prospect that the computer-aided training system will start to earn its keep from next year. Elsewhere, the book and printing side is well placed for further expansion. The 17 per cent discount on the new shares takes account of the current uncertainties in the market.

● **Ray Maughan** looks at the Ellerman brewery disposal

Reaping a swift £44m reward

THE HOTEL keepers, Mr David and Mr Frederick Barclay, dared tread where nobody else would follow last October when they paid about £50m for the two breweries, the travel business and the fleet of 16 container ships which made up **Ellerman Lines.**

Mr David Barclay recalled yesterday that about 35 different parties had looked Ellerman over last year. But, in the final analysis, they encountered no serious opposition to the terms the brothers put up to take out the privately-owned Ellerman which had been on the market for the whole of the previous year.

Ellerman's management had long insisted that the business would never be broken up piecemeal and the brewers hovering around the group's two plum regional drinks companies were quickly discouraged. But the Barclay brothers bid for the entire group, finally paying off the two trusts and the widow of the late Sir John Ellerman, has been swiftly rewarded.

Their hotel company has had to inject some £11m to cover past losses and working capital requirements but the Barclays are nevertheless receiving £44m for just one element of the Ellerman package.

Their agreement sell Cleveland-based J. W. Cameron provides what Scottish and Newcastle Breweries requires — a tied base outside the Edinburgh and North Eastern catchment areas. Concentrating on its brewery roots, S and N is letting go the hotel interests, which fit neither the demographic or geographic market targets and is lessening its dependence *on the free trade.*

S & N was delighted with yesterday's deal yet the Barclays' appear to have even more reason to be pleased. Allowing for the recent cash injection, their hotels company has acquired a strong regional brewer based in East *Anglia and a fleet of 10 wholly* owned container ships and six vessels run in partnership for a net cost of £17m.

As a merchant banker closely involved with S & N's affairs said yesterday: "The Barclays have got the purchase of the year if not the decade."

It provides the platform to expand Barclays' brewing and catering base, the brothers having made a clear decision that the links between the North East and East Anglia were too long. The favoured target now is a complementary brewery company which links *Suffolk with* its long term investment strategy of expansion in the London area. The successful, quoted brewer Greene King would provide a neat piece of this jigsaw but as *Mr David Barclay said yesterday:* "They are too big for us."

As to the expansion of the shipping operations, Ellerman's one-time core, Mr David Barclay has no doubts as to where his private company should be investing.

They have taken what he described as the first step toward a bid for Sealink, shortly to come out of the Government's privatisation stable by examining the prospectus in great detail.

Mr Barclay admitted that his *predominantly hotel business* "might be considered as an outsider" at this stage, but "the fit would be very compatible." He knows that both Barclay and the other interested Sealink bidders have no need to make a firm bid before June and he and his brother Frederick are still seeking further information. But the fact remains that, with the ammunition provided by this particularly advantageous disposal of Cameron, they are strongly placed to add their catering interests, to say nothing of Tollemache Cobbold brews to *duty free consumers on Sealink's* cross-channel routes.

There is a good possibility that the brothers will take the well trodden route to a public listing in the next year or so even if a quote *will* bring *the* spotlight to bear on a fast expanding yet very secretive business.

The Barclay brothers first hit public prominence with a bid for Sir Cyril Black's M. F. North temperance hotel chain two years ago, much of which has since been sold off.

The hotels operation has subsequently been enlarged by the acquisition of three of the 21 hotels put up for sale by the British Rail Board.

On the Barclay brothers own calculations, Ellerman as a whole had gross assets of about £140m at the time of their purchase, of which some £90m was represented by the brewery interests.

They said at the time, that their purchase from the Ellerman trustees was "a snip." That judgment looks to have been thoroughly vindicated by this deal; it remains to be seen whether through brewery and catering expansion, or through a successful entry into the cross Channel passenger market, the brothers *further their* recent takeover bounty.

BIDS AND DEALS IN BRIEF

W. Tyzack Sons and Turner announces that **Mr Michael J. Mallett**, its deputy chairman nominate, has acquired 460,000 ordinary shares (25.62 per cent) from Bahco. Mr Mallett's appointment as deputy chairman will be subject to approval at the next AGM.

* * *

Beatson Clark has reached agreement to purchase the whole of the issued share capital of **Brookhill Mouldings**, a private company, for a total consideration of £1.3m. Brookhill manufactures high quality plastic packaging, principally for the cosmetic and toiletry industries. At year-end 1983 Brookhill had net tangible assets of £389,728, and profit before tax amounted to £209,502 on turnover of £1.07m, some 20 per cent of which was exported.

The consideration is to be satisfied by the issue of up to 725,000 new shares of 25p each of Beatson Clark, credited as fully paid, which have been placed through the market by Lloyds Bank International in conjunction with Rowe and Pitman.

* * *

The offer by **Wilson and Company** to acquire the outstanding shares in **Albert Martin Holdings**, a supplier of knitwear to Marks & Spencer, for 42p cash per share is being extended until *3 pm on May 2.*

Acceptances have been received in respect of 9,672 shares (0.11 per cent) which, when added to the 420,000 shares (4.98 per cent) already owned by Wilson aggregate 429,672 shares (5.09 per cent).

Commenting on result of the offer Mr Michael Kidd, executive chairman of Albert Martin, said: "This emphasises the derisory nature of the bid and the strong support of shareholders for the board's rejection of the offer."

* * *

Milletts Leisure Shops has agreed to acquire the capital of a private company, **Lewis Enterprises (Gent's Wear) for £720,000** cash, which will be met entirely from existing facilities.

Lewis trades as Chelsea Boy from 12 outlets in Scotland, retailing leisure and fashion menswear. Net assets are valued at £396,000 and include leasehold office and warehouse premises, leasehold trading premises, stock and cash.

It made pre-tax profits of £117,000 for the year ended November 30 1983 on a turnover of £2.06m.

Lewis will operate as a separate subsidiary of Milletts and it is intended, in due course, to expand this business.

* * *

National Westminster Bank, which put in the receiver at **Capper Neill Group**, are backing a management buy-out of the company's pipe services subsidiary.

Three directors have completed negotiations with receiver Cork Gully for 75 per cent of Capper Pipe Services contracts, to provide a £2m turnover and save 150 jobs, despite the refusal of grant aid by the Department of Industry. The new company, *Buildtile*, to trade as **Capper Pipe Service**, will operate throughout the UK.

* * *

The proposed merger between **Gallaher** and **Prestige** is not to be referred to the Monopolies Commission.

* * *

Acceptances for the recommended offers by **Bristol Oil and Minerals** to acquire **Osprey** have been received in respect of 1,071,795 ordinary shares (82.43 per cent). Accordingly, Bristol now controls 1,206,795 existing ordinary shares (92.82 per cent). Offers are now declared unconditional in all respects.

* * *

Tarmac Construction has acquired a 70.84 per cent shareholding in **Pasco Engineering** of Harrow for £1.75m. Pasco provides management, consult*ing and engineering services to* oil, gas, petrochemical and related industries. Its turnover increased from £1.3m in 1978 to an anticipated £10m in 1984.

* * *

Jacksons Bourne End is selling land, with a selling balance sheet value of £425,000, for £575,000, payable in cash, to a private company. Completion is due on April 27. Jacksons will construct an access road to the site, at an estimated cost of £50,000. The net sale proceeds will be used to finance a development for the group.

* * *

Crystalate Electronics, of Tunbridge Wells, Kent, has acquired **GCIE**, of Tournan, near Paris, as part of its plans to expand into Europe.

* * *

Following a decision by the Canadian-based **Allpak** to concentrate further resources into its expansion in North America, it has sold its interests in Corrugated Products.

The whole of the issued share capital of Corrugated Products has been acquired by the company's existing executive management team and an investment consortium led by Barclays Development Capital.

The move follows the sale by Allpak of Liquid Packaging in 1982 and Precision Rotoform in 1983.

The purchase was completed on March 30. The purchase price has not been disclosed, but it is understood to be several £m.

* * *

Following the egm, it is expected that dealings in **Birmingham Pallet Group** will be resumed on April 26.

* * *

Hawley Group has completed the purchase of a 77.9 per cent stake in **Fraser Henderson** for £190,389, satisfied by 226,625 shares plus £8,692 cash.

* * *

Cadbury Schweppes has filed a registration statement with the U.S. Securities and Exchange Commission relating to an offer of 40m shares in the form of American Depositary Receipts.

A syndicate managed by Morgan Stanley and Co, Lehman Brothers Kuhn Loeb and Kleinwort Benson will underwrite the offer.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: British Empire Securities and General Trust, Dowding and Mills, Free State Geduld Mines, McKechnie Brothers President Brand Gold Mining, President Steyn Gold Mining, Scottish Cities Investment Trust, Welkom Gold Mining, Western Holdings.

Finals: AMEC, Allebone, BL, Bank of Scotland, Boosey and Hawkes, British Printing and Communications Corporation, British Syphon Industries, Brook Street Bureau, Cooper Industries, Horace Cory, East Rand Gold and Uranium, Fogarty, Arthur Henriques, Juliana's, Microlease, Owen Owen, RMC, Securities Trust of Scotland, R. Smallshaw (Knitwear), A. G. Stanley, Stylo, Sun Life Assurance Society, Tilbury, Wadkins.

FUTURE DATES

Interims:	
Anglo Scottish Inv Tst	Apr 28
Fitzwilton	Apr 19
Higsons Brewery	May 17
Roseheugh	Apr 19
Finals:	
Ayrshire Metal Products	May 1
Blue Circle Industries	Apr 26
Boot (Henry)	Apr 27
Capero Industries	†Apr 24
Clive Discount	Apr 26
Estates and Agency	Apr 26
Fleming Universal Inv Tst	Apr 25
Flight Refuelling	Apr 27
Foseco Minsep	Apr 30
Future	Apr 24
Gerrard and National	May 10
Marshall (Thomas) (Loxley)	Apr 19
Parry (Harold)	Apr 26
Slingby (H. C.)	Apr 25

† Amended

Ash & Lacy expansion

An increase of £333,000 to £3.41m in pre-tax profits is reported by **Ash and Lacy** for the 52 weeks to December 30 1983. Turnover of this West Midlands-based manufacturer of *perforated metal and steel* cladding and galvanizers, moved ahead from £27.07m to £27.55m.

The total dividend is raised from 18p to 20p net with a final of 12p (10p). Dividends absorb £838,000 against £751,000, leaving retained profits transferred to *reserves of £1.52m (£1.43m).* Earnings per 25p share were higher at 56.3p compared with 53.3p.

Eagle says insurance competition still intense

Sir Denis Mountain, chairman and managing director of **Eagle Star Holdings**, now a member of BAT Industries, reports that competition for insurance business worldwide continues to be intense.

However he emphasises that the group has continued its policy of protecting its portfolio without accepting risks at premium rates which could not be justified on claims experience.

In the UK, Sir Denis Mountain saw some realism entering the market towards the end of last year, with leading insurers having more regard to the inevitable consequences of inadequate premiums. Premium levels were still inadequate for personallines. There had been some increases in motor rates, but premiums for household risks were still too low to cover claims from adverse weather and increasing number of burglaries.

As already reported the group reached is forecast target of £90m pre-tax with an ultimate figure of £90.3m, despite the severe weather at the end of 1983 and the beginning of 1984.

Shareholders' funds at the end of 1983 amounted to £227.6m, against £196.2m

UK COMPANY NEWS

T. Harrison margins still 'totally inadequate'

HEAVIER interest charges has cut into the profit growth of the Sheffield-based Ford main dealer **T. C. Harrison.** After charges of £488,000, against £185,000, the profit for 1983 is £3.21m compared with £3.02m.

In the national new car market supply still exceeds demand and margins are under pressure, the directors report. Similar conditions prevail in the rest of the group and heavy discounting is resulting in "the totally inadequate profit margins experienced for the last two years."

Sales in 1983 moved up from £81.44m to £92.69m. The profit was split as to car division £1.19m (£1.06m), commercial £356,000 (£510,000), earthmoving £498,000 (£388,000), agricultural £217,000 (£231,000) and finance £953,000 (£830,000).

The directors say they have not yet been able to evaluate the longer term effects of the Budget changes on first year capital allowances in respect of the commercial vehicle leasing activity, but they do not consider it will have a material effect on 1984.

Tax was £303,000 (£1.04m) and there was an extraordinary charge for deferred £1.74m (nil). Earnings are shown at 12.89p (8.77p). The final dividend is 1.68p for a net total of 2.3p, against the equivalent of 2.2p.

For the current year the directors are confident that the results will be acceptable in the light of prevailing conditions. The lowering of interest rates is beneficial and costs are being contained where possible.

In the first quarter profits are down by 9 per cent with the car side being particularly affected by lower unit sales. Agricultural profits are also down, but commercial, earthmoving and finance all show increases over last year.

Highland Electronics

Pre-tax profits of **Highland Electronics Group** rose more than 30 per cent to £262,000 against £201,000 for the six months to October 31 1983 on turnover up more than 16 per cent at £5.23m (£4.5m). Tax took £130,000 (£100,000).

Mr Michael Cohen, chairman of this electronic component maker, says profit growth is expected for the rest of the year.

NEI raises profit by 8%

AGAINST a background of severe but transient difficulties in North America, Northern Engineering Industries raised pre-tax profits by 8 per cent from £39.5m to £42.7m in 1983.

Tax charge, however, increased from £12m to £15.2m leaving net profits unchanged at £27.5m. The higher charge was as a result of losses in the North American companies not ranking for tax relief in the current year. These tax losses are available against future profits in those companies and when utilised will give rise to a beneficial impact on earnings per share.

Earnings per 25p share in 1983 were down from 11.26p to 10.72p, but the dividend is increased by 10 per cent to 5.25p (4.75p) net with a final of 3.6p.

During 1983 liquidity showed significant improvement with the excess of bank balances and short term deposits over total group borrowings rising from £36m to £63m. This stems from control of working capital and improved contract terms.

A geographical analysis of the year's pre-tax profits shows (in 000's):—UK £37,502 (£25,398); Africa £14,805 (£9,879); North America £11,807 loss (£242 profit); Australasia £1,846 (£3,026); other losses £317 (£1,064). Related companies added £1,152 (£2,031).

Turnover of the group — a maker of electrical and mechanical equipment — was ahead slightly from £867.3m to £871.7m. UK turnover increased by £57m, but this was counteracted by reductions overseas, both in North America and Australia.

NEI Canada has seen a substantial reduction in both power and distribution transformer business during the year due to a much reduced demand from the Canadian market and intense competition adversely affecting price levels. Action has been taken to reduce capacity, to cut costs and to step up selling in the U.S. This has already seen positive results in the form of better order intake although at reduced margins.

The transformer business sustained losses in 1983 for the first time; break-even is expected in the current year. The electronic display business continued to expand its capability and markets and had another successful year.

In late 1983 Extel Corporation introduced its new range of communication equipment known as ComProducts. But volume sales were delayed until early 1984, due to the need for this equipment to incorporate the complex network interfaces and protocols required in each country, each exchange, and each service.

This delay together with the continuing market changes following deregulation in the U.S. resulted in the company not achieving the sales anticipated in 1983 and producing an operating loss of £9.5m compared with a loss of £4.6m in 1982. These losses take into account a very heavy investment in the engineering development required in the new product range.

However, a significant proportion of the loss for 1983 was of a non-recurring nature. In the first three months of 1984, Extel's order intakeis already half of last year's total and growing at a faster rate month by month. If this trend is maintained the directors expect the company to move into profits in the second half of the current year.

NEI has started 1984 with most of its units well loaded—and the order intake during the first three months has been encouraging both at home and overseas. The efforts at home are being concentrated upon export order intake and an increasing level of inter-group trading is assting of inter-group trading is assisting in improving margins.

Active steps continue to be taken to reduce both overhead and manufacturing costs and this is reflected in the group's competitiveness overseas, the directors state. At this early stage of 1984 they see improved performance and steady growth of the company.

See Lex

COMPANY NEWS IN BRIEF

Improved performances from existing businesses and first time contributions from Bacchante and Brigade Products has helped **Spong Holdings** back to profits for 1983 with £36.700 pre-tax.

For the last four years the group has been in loss, with £101.900 recorded for 1982. But the directors had forecast profits of around £30,000 from the existing businesses in 1983.

Considerable expense has been incurred in strengthening the management and reorganising the structure and operations of the businesses. The entire cost has been charged to 1983 and the directors believe that the benefits will become apparent in the current year.

The strategy of organic growth and development by acquisition, primarily within the houseware and related industries, has proceeded according to plan. The purchase of the Murell Group has enabled Spong to expand its equity base and to strengthen its liquidity.

Liquidity problems are now a thing of the past, and the group has cash resources and the availability of significant borrowing facilities.

Sales in 1983 came to £1.77m (£1.02m). Earnings are shown at 0.33p per share (loss 2.88p). In the previous year there were extraordinary debits of £104,800.

* * *

In the year ending 1983, which saw plans for the reorganisation and "Malaysianisation" of **Lendu Holdings**, rubber producer, the company reported pre-tax profits of £101,550, against a loss of £14,286. A final dividend of 1p will be paid, up from last year's 0.5p.

Turnover was up sharply from £207,744 to £307,548, with a gross profit of £105,032 against £7,124. The company gained £35,164 (loss £108) from the sale of fixed asset investments, but there were extraordinary debits of £36,253 (£1,737) involved with the restructuring. Earnings per share were 3.71p, against a 0.76p loss.

The company is currently appealing against the award by the Malacca State authorities of 2.9m ringgits (£890,000) in respect of land and buildings acquired from Lendu. An independent valuation by a Malaysian firm of chartered surveyors valued the properties at 5.37m ringgits.

Agreement was announced in March whereby the group's estate assets would be restructured in accordance with the Malaysian Government's new economic policy. It is proposed that these will be acquired by Ladang Sermin Berhad, in exchange for shares in that company. Some of these will be offered for sale on the Malaysian stock exchange.

Kalamazoo in the red and interim reduced

Kalamazoo, the business systems and services group, dived into the red in the six months to February 3 1984. A current cost pre-tax loss of £178,000, compares with £1.33m profits last time and the net interim dividend is reduced to 0.5p per 10p share, against 0.83p.

The company is trading profitably in the current half year, but results for this period are unlikely to make the year as a whole comparable with the previous year's £3.23m pre-tax, the directors warn. Last year's final dividend was 2.5p.

Although the performance in the second quarter was considerably better, it did not compensate for the losses in the first three months, they report.

The third quarter is showing steady progress, particularly in micro-based systems and the company is restructuring the business in the light of the changes in the markets the company serves.

This involves a stringent review of costs and a continued strengthening of customer support services, which the directors consider are going to be a key factor for future success and prosperity in today's fast moving business systems market.

On the current cost basis, funds generated by operations fell from £2.51m to £1.27m. Historical cost depreciation took £1.34m (£967,000) and current cost depreciation adjustments came to £83,000 (£79,000) and other adjustments £28,000 (£130,000). Pre-tax results were before the K-W-A bonus.

Benefits showing through as Comfort Hotels reaches £2.4m

AN EXPANSION in trading profit coupled with a reduction in interest charges has given a substantial boost to Comfort Hotels International. For the 53 weeks ended January 1 1984 profits have soared from £1.03m to £2.36m, after interest of £1.87m (£2.54m).

The directors say that progress has continued in implementing the policy of broadening its base of operations and concentrating on larger modern hotels. The Birmingham and Leicester International Hotels, totalling 420 rooms, were acquired in September, and negotiations for the acquisition of the 320 room Wembley International Hotel have been finalised. In addition, a majority holding is being purchased in the 95 room Hotel Sainte Anne, in central Paris.

At the year end, net assets had advanced from 30.75p to 41.38p per share.

Turnover in the year rose from £26.54m to £32.27m. After tax £525,000 (£324,000), minorities £65,000 (£2,000) and extraordinary credits £61,000 (£530,000 debits), the net attributable profit came out at £1.83m (£175,000). Earnings are shown at 2.83p (1.29p) and the final dividend is 0.52p for a net total of 0.74p (0.65p).

The directors state there is every indica tion to date that the progress of 1983 can be continued into the current year through a broadly based improvement in hotel occupancy and average room rate achieved. Contributions are also expected from the new acquisitions as they reach profitability after being upgraded and integrated into Comfort's operating structure.

Strikes Restaurants, the subsidiary introduced to the USM a year ago (Comfort retains 88 per cent of the capital), increased its turnover from £5.03m to £6.16m and profit from £659,000 to £718,000. Its final dividend is 1.1p to make 1.6p net. Earnings were 7.7p.

Progress was made in streamlining the company's main activities through a number of disposals and acquisitions. In the early part of 1984 trading was affected by incidents in the West End, but the outlook for the remainder of the year is encouraging.

Strikes has contracted to purchase a 60 per cent interest in Croissants de Provence (French Franks) in exchange for 85,106 ordinary shares, with an option to buy the remainder. French Franks operates two catering establishments in High Holborn and Charing Cross Road, and specialises in French croissants and pastries provided by its own bakery. A profit of not less than £30,000 is forecast for the current year.

Comfort Lordge UK, which is jointly owned with British Land, has made considerable progress in realising its aim of having five Lodges operational by the end of 1985, while Londonderry Mayfair made a useful contribution to profits in the last financial year.

The Abingdon Room, the new addition to the Rainbow Suite and Kensington Exhibition Centre, opened on schedule at the beginning of 1984. The total complex comprises nearly 47,000 sq ft.

A recent professional valuation of the freeholds of the Park Plaza, Viceroy and Charles Dickens Hotels in London has produced a surplus of £6.5m.

● comment

A reduction in the interest bill thanks to property disposals and lower rates accounted for around half of Comfort Hotels' pre-tax profits advance. Following the revaluation of three London hotels, gearing is down even more dramatically—from 119 per cent of shareholders' funds at the previous year-end to about 60 per cent. Adjusting for Londonderry Mayfair's first contribution of £200,000 or more, it looks as if the underlying growth in the existing businesses' profits was more like 13 per cent before interest—an unexciting performance which reflects a slow start to the year and a busy time for acquisitions and refurbishments. Comfort, however, has not been completely immune to the revival seen by the rest of the hotel industry. It managed a 7 per cent increase in tariffs earlier this month and the outlook for summer occupancy rates is good. Meanwhile, several acquisitions will be chipping in for the first time this year, pointing to a pre-tax total of perhaps £4m. At yesterday's price of 43p, up 1p, that puts the shares on an undemanding multiple of 8.6, assuming a 22 per cent tax charge.

Aran Energy

Reduced pre-tax profits for 1983, of I£292,000 against I£307,000, are reported by Aran Energy, Dublin-based oil and gas explorers, but Mr E. Ryan, chairman, says an oil discovery in the Celtic Sea has transformed the prospects for an area where the company has interests.

Operating revenues rose to I£25.2m (I£22.5m) and tax was I£374,000 (I£397,000). Minorities contributed I£17,000 (I£31,000) and last time there was an extraordinary debit of I£2.4m.

MINING NEWS

Higher tax hits Randfontein

BY GEORGE MILLING-STANLEY

SHARPLY HIGHER tax charges marred otherwise steady performances in the March quarter from Randfontein Estates and Westerin Areas, the two gold mines in the Johannesburg Consolidated Investment ("Johnnies") group.

The increase in tax reflected partly the higher surcharge imposed in last month's South African budget, although here the two mines benefitted from the fact that they operate on calendar years, and thus were only liable for the higher rate in the March quarter, the first of the financial year.

The mines in the Anglovaal group, by contrast, which also reported yesterday, suffered the increase for the first nine months of their financial years, which run to the end of June.

A further reason for the increased tax paid by Randfontein and Western Areas was the steep fall in allowable capital spending consequent on the fact that the March quarter covers the South African summer holiday season.

This phenomenon will only be temporary, as both mines expect future capital spending to be at the same overall rate as last year, and possibly higher.

After a tax charge of R35.5m, up from R1.88m, Randfontein made net profits of R45.49m (£25.7m), compared with R86.28m in the December quarter.

The milling rate was a little lower, but with a larger proportion of material drawn from underground the average gold grade improved from 5 grammes per tonne to 5.3 grammes, so that production was higher.

Western Areas paid tax of R5.95m, against a credit last time of R1.76m, to give net profits of R17.75m compared with the December quarter's R25.29m.

The mine is still selling a "significant portion" of its expected future production forward in order to protect itself against a sudden downturn in the gold price, and has once again achieved a substantially higher gold price than the other mines.

The latest price was R16,914 per kilogramme, equivalent to about U.S.$430 per ounce, and around R2,000 per kg higher than the other South African producers.

The latest figures are compared in the accompanying table.

	Mar qtr R000	Dec qtr R000	Sept qtr R000
Randfontein	45,491	86,280	41,413
Western Areas	17,749	25,290	12,903

The quarterly reports from the mines in the Anglovaal group were something of a mixed bag, with tax charges inflated by the group's policy of accounting for the whole of the increase for the past nine months in the March quarter's figures.

Hartebeestfontein suffered from this, with net profits of R27.2m against R29.06m. The mine succeeded in reducing operating costs, as did its sister operations Loraine and East Transvaal Consolidated.

East Transvaal turned in higher profits of R5.65m against R4.86m, largely because of an extraordinary credit of R1.5m from the sale of timber plantations and a sawmill at Mamre.

Without this item, profits would have been slightly lower than in the December quarter, partly because of flooding and surface damage caused by cyclone Domoina. An insurance claim is being prepared.

Loraine benefitted from the higher milling rate and an improvement in gold grade, and recorded a net profit of R2.4m compared with the loss of R3,000 in the December quarter.

The latest profits are compared in the accompanying table.

	Mar qtr R000	Dec qtr R000	Sept qtr R000
Hartebeestfontein	27,204	29,063	35,461
Loraine	2,389	*3	†3,666
Cnsd. Murchison	2,581	†1,916	1,460
Prieska	4,739	4,434	5,907
East Transvaal	5,653	4,856	5,069
Village Main	312	197	187

† Restated profit. * Restated loss after receipt of State aid.

Anglovaal's base metal operations both did better than in the preceding quarter, with Consolidated Murchison deriving more income from sales of both antimony and gold, while Prieska overcame plant failures and received more for its sales of copper and zinc.

Wit Nigel statement

SOUTH AFRICA'S Witwatersrand Nigel states that it has started an investigation into the possible acquisition of a strategic holding in Afrikander Lease along with other proposals for expanding the capital base of the company. All these would involve the issue of further shares.

Pending the conclusion of the investigation, options have been acquired by a nominee company over shares in Afrikander Lease but no decision has been taken. Wit Nigel says that it has made this announcement following a request by the Johannesburg Stock Exchange.

Wit Nigel shares hardened to 211p in London yesterday while those of Afriknder Lease were unchanged at 345p.

Johannesburg Consolidated Investments Group

(All companies mentioned are incorporated in the Republic of South Africa)

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31 MARCH 1984 WITH COMPARATIVE FIGURES FOR THE PREVIOUS QUARTER

Randfontein Estates

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited
Issued capital R12 227 106
(Divided into 6 113 553 shares of R2 each)

OPERATING RESULTS
(Unaudited)

	Quarter ended 31.3.84	31.12.83
Gold		
Ore milled—tons	1 537 000	1 548 000
Kilograms produced	8 146	7 714
Yield—grams per ton	5.3	5.0
Revenue—per ton milled	R78.93	R78.70
Working cost—per ton milled	R30.51	R27.80
Profit—per ton milled	R48.42	R50.90
Uranium		
Tons treated	818 000	892 000
Kilograms produced	130 232	127 315
Yield—kilograms per ton	0,16	0.14

FINANCIAL RESULTS (R000)
(Unaudited)

	31.3.84	31.12.83
Revenue from gold	121 312	121 434
Working costs	46 894	42 895
Profit from gold	74 418	78 539
Profit from uranium	1 905	3 662
Net sundry revenue	740	1 148
Operating profit	77 063	83 340
Net interest receivable	3 948	4 812
Profit before tax and State's share	81 011	88 161
Tax and State's share	35 580	1 881
Profit after tax and State's share	45 491	86 280
Capital expenditure	13 992	82 313
Dividends declared	—	48 909

Notes:
1. Gold price received Rand per kg 14 943 15 001
2. Profit from gold, the reported gold price and profit from uranium include profits and/or losses associated with gold and/or currency hedging transactions.

DEVELOPMENT
Metres advanced

	Quarter ended 31.3.84	31.12.83
Cooke No. 1 Shaft	4 245	3 993
Cooke No. 2 Shaft	5 816	6 294
Cooke No. 3 Shaft	4 543	4 271
Total metres	14 604	14 558

SAMPLING RESULTS
The values shown in the following tabulations are the actual results of sampling reef development. No allowance has been made for any adjustments which may be necessary when computing ore reserves.

	Quarter ended 31.3.84 Shafts No. 1	No. 2	No. 3	Total	Quarter ended 31.12.83 Shafts No. 1	No. 2	No. 3	Total
UE1a REEF								
Sampled—m	441	942	993	2 376	342	1 320	1 338	3 000
Channel width—cm	183	137	185	165	171	115	162	143
Average value:								
Gold—g/t	5.5	7.2	3.3	5.0	6.2	11.0	4.2	6.9
—cm-g/t	1 001	986	611	825	1 060	1 265	680	987
Uranium—kg/t	0.13	0.26	0.38	0.29	0.11	0.35	0.38	0.33
—cm-kg/t	23.65	35.62	70.30	47.85	18.81	40.25	61.56	47.19
E8 REEF								
Sampled—m	234	99	—	333	231	171	—	402
Channel width—cm	133	146	—	137	153	218	—	181
Average value:								
Gold—g/t	3.1	11.5	—	5.8	3.3	2.8	—	3.0
—cm-g/t	412	1 679	—	796	505	610	—	543
Uranium—kg/t	0.07	0.26	—	0.13	0.09	0.25	—	0.17
—cm-kg/t	9.31	37.96	—	17.81	13.77	54.50	—	30.77

ORE RESERVES
Errata in the Annual Financial Statements.
Ore reserves and comparative ore reserves are correctly valued in the report for the quarter ended 31 December 1983, as follows

ORE RESERVES AT 30 SEPTEMBER

Cooke Section	No. 1 Shaft 1983	1982	No. 2 Shaft 1983	1982	No. 3 Shaft 1983	1982	Total 1983	1982
Tons—000's	3 261	3 606	4 181	3 082	1 841	116	9 283	6 806
Stope width—cm	134	137	141	132	175	163	144	136
Average value:								
Gold cm—g/t	9.6	10.1	10.2	11.6	7.2	9.3	9.4	10.8
cm—g/t	1 286	1 384	1 438	1 531	1 260	1 516	1 354	1 469
Uranium—kg/t	0.16	0.18	0.32	0.34	0.47	0.37	0.29	0.26
—cm-kg/t	21.44	24.66	45.12	45.14	82.25	60.31	41.76	35.36

COMPARATIVE ORE RESERVES AT VARIOUS GOLD PRICES

Gold market price R/kg	Tons 000's	Average value Gold g/t	Uranium kg/t
13 000	8 346	10.2	0.30
15 000	9 283	9.4	0.29
17 000	10 071	8.8	0.29

Members have been requested by circular to substitute these tabulations for those appearing on page 6 of the Annual Financial Statements for the year ended 31 December 1983, issued on 4 April 1984.

COOKE NO. 3 SHAFT
The tonnage build-up is progressing according to plan.

DOORNKOP SECTION
The pre-sink of the ventilation shaft has been completed and the shaft has reached a depth of 123.0 metres below surface. Installation of one permanent winder and construction of the permanent headgear are complete.
Preparatory earthworks for the 100 000 ton-per-month gold plant have been completed and construction will commence shortly.

PRODUCTION
GOLD
Underground ore was supplemented by 471 000 tons (543 000 tons) from old surface tailings and rock dumps. In line with forecasts, total throughput is decreasing as increased throughput of underground ore replaces larger tonnages of surface material. In consequence, both yield and unit costs have increased as anticipated.

URANIUM
Tonnage treated decreased by 74 000 tons to 818 000 tons while yield increased from 0,14 to 0,16 kilograms per ton.

METALLURGICAL PLANTS
Cooke
The design capacity of the 300 000 ton-per-month gold section was consistently achieved during the quarter. The continuing refurbishment of the uranium section resulted in the decrease in throughput.

Millsite
Extensions and refurbishment of the plant are proceeding according to plan.

CAPITAL EXPENDITURE (R000)

	Quarter ended 31.3.84	31.12.83
Net expenditure: mining assets	13 994	82 477
: other assets	(2)	(164)
Capital commitments at end of period	38 716	19 824

LONG-TERM LOANS (R000)

	Quarter ended 31.3.84	31.12.83
Balance at end of period	60 889	63 577
Interest paid during the period	98	82
Repayments due within one year	19 546	13 109

The balance of the long-term loans has been adjusted in accordance with the change in accounting policy at 31 December 1983 in terms of which the future tax effect of unrealised exchange differences is taken into account in determining the consumer loan liability.

FORWARD SALES
The company has engaged in forward sales of currency in respect of a significant portion of its expected gold and uranium revenue.

For and on behalf of the Board
G. Y. NISBET
F. J. P. ROUX *Directors*

Western Areas

Western Areas Gold Mining Company Limited
Issued capital R40 306 950
(Divided into 40 306 950 units of stock of R1 each)

OPERATING RESULTS
(Unaudited)

	Quarter ended 31.3.84	31.12.83
Gold		
Ore milled—tons	952 000	935 000
Kilograms produced	4 569	4 488
Yield—grams per ton	4.8	4.8
Revenue—per ton milled	R81.42	R80.46
Working cost—per ton milled	R63.33	R60.15
Profit—per ton milled	R18.09	R20.30
Uranium		
Tons treated	169 000	151 000
Kilograms produced	79 365	74 234
Yield—kilograms per ton	0,47	0,49

FINANCIAL RESULTS (R000)
(Unaudited)

	31.3.84	31.12.83
Revenue from gold	77 509	75 217
Working costs	60 269	56 241
Profit from gold	17 240	18 976
Profit from uranium	3 374	1 716
Net sundry revenue	357	295
Operating profit	20 951	20 987
Net interest receivable	2 747	2 547
Profit before tax and State's share	23 698	23 534
Tax and State's share	5 949	(1 756)
Profit after tax and State's share	17 749	25 290
Capital expenditure	4 638	15 751
Dividends declared	—	15 123

Notes:
1 Gold price received Rand per kg 16 914 16 721
2. Profit from gold, the reported gold price and profit from uranium include profits and/or losses associated with gold and/or currency hedging transactions.

DEVELOPMENT
Metres advanced

	Quarter ended 31.3.84	31.12.83
Ventersdorp Contact Reef	3 640	3 030
Upper Elsburg Reefs	7 195	8 463
Middle Elsburg Reefs	2 012	2 651
Total metres	12 847	14 143

SAMPLING RESULTS
The values shown in the following tabulations are the actual results of sampling reef development. No allowance has been made for any adjustments which may be necessary when computing ore reserves.

VENTERSDORP CONTACT REEF, ELSBURG MASSIVE REEFS AND ELSBURG INDIVIDUAL REEFS

	Quarter ended 31.3.84 VCR	EMR	EIR	Total	Quarter ended 31.12.83 VCR	EMR	EIR	Total
Sampled—m	645	678	1 140	2 463	693	540	1 434	2 667
Channel width—cm	78	222	222	184	94	219	219	187
Average value:								
Gold—g/t	14.6	5.2	4.7	6.0	8.7	7.0	5.7	6.4
—cm-g/t	1 139	1 154	1 043	1 104	818	1 533	1 248	1 197

MIDDLE ELSBURG REEFS

	Quarter ended 31.3.84	31.12.83
Sampled—m	390	417
Channel width—cm	186	131
Average value:		
Gold—g/t	3.6	3.9
—cm-g/t	670	511
Uranium—kg/t	0.61	0.42
—cm-kg/t	113.46	55.02

PRODUCTION
GOLD
The tonnage treated from underground was supplemented by 98 700 tons (110 100 tons) from surface sources.

URANIUM
The tonnage treated increased by 18 000 tons to 169 000 tons. This more than offset the reduction in grade resulting in a production increase of 5 131 kilograms.

No. 3 SUB-VERTICAL SHAFT
Sinking and lining has been completed to the shaft bottom, 1 483.6 metres below the collar, and ancillary excavations, including raise-boring related to the shaft sinking, have been completed. Stripping of the temporary equipment has commenced.

DE-WATERING PROJECT
Discussions and negotiations continue with the authorities concerned and with parties holding property in the affected area.

CAPITAL EXPENDITURE (R000)

	Quarter ended 31.3.84	31.12.83
Net expenditure: mining assets	4 884	15 052
other assets	(246)	699
Capital commitments at end of period	4 387	3 601

LONG-TERM LOANS (R000)

	31.3.84	31.12.83
Balance at end of period	27 022	27 662
Interest paid during the period	3	3
Repayments due within one year	640	640

FORWARD SALES
The company has sold forward a significant portion of gold production expected over the next nine months in order to stabilise revenue and thereby reduce the company's vulnerability to operating losses. The company has also engaged in forward sales of currency in respect of a significant portion of its expected gold and uranium revenue.

For and on behalf of the Board
G. Y. NISBET
F. J. P. ROUX *Directors*

Elsburg

Elsburg Gold Mining Company Limited
Issued capital R30 203 000
(Divided into 30 203 000 units of stock of R1 each)

Stockholders are advised to study the operating results published by Western Areas Gold Mining Company Limited

For and on behalf of the Board
G. Y. NISBET
F. J. P. ROUX *Directors*

Copies of these reports are available on request from the offices of:

Barnato Brothers Limited
99 Bishopsgate, London EC2M 3XE
England

17 April 1984

FINANCIAL TIMES
Wednesday April 18 1984

First zero coupon Ecu bond launched, Page 44

WALL STREET

Housing hint of slower growth helps

INDICATIONS that U.S. economic expansion is moderating encouraged a more optimistic mood on Wall Street yesterday *writes Terry Byland in New York.*

The disclosure that housing starts fell by 26.6 per cent in March – the largest monthly drop on record – brought moderate improvement in both bond and stock prices.

By 3pm, the Dow Jones industrial average was 8.69 up at 1,168.97.

The market's chief testing point may come tomorrow, when the Commerce Department announces its revised estimate for the increase in gross national product for the opening quarter of the year. Wall Street hopes to see a reduction in the "flash" forecast of 7.2 per cent growth, disclosed by the Department last month.

The initial improvement in the financial markets was hesitant, partly because of divergent views over the high factory use rate. At 80.9 per cent in March, this rate gave some justification for fears of overheating, but the rate of increase has slowed since the first two months of this year.

Credit markets began to lose their early firmness towards the middle of the session, and the stock market also hesitated after a *firm opening.*

The closing report on Wall Street and updated U.S. market monitors were not available because of industrial action at the Financial Times' printers in Frankfurt.

Leading stocks to show gains, although often below their best levels, included Caterpillar Tractor, $⅝ up at $46⅞, Northrop $1¼ higher at $76¼, and NCR, $¾ higher at $103.

But IBM eased back to $112¼, a net $¾ off, and General Motors at $64¾ was unchanged after shedding an early gain of $⅛. General Electric gave up $¼ to $54⅞. Among the day's major trading results, Merck, at $96½, held steady on the disclosure of results for the first quarter.

Carter Hawley Hale, at $25¾, slipped $¼ as investors weighed the implications of the withdrawal of credit raising plans.

Digital Equipment continued to shade lower, *giving up $½ to $91. Teledyne, still* unsettled by lower profits, shed $½ to $152⅞. But elsewhere in the high technology sector, Texas Instruments jumped $1⅛ to $137⅞.

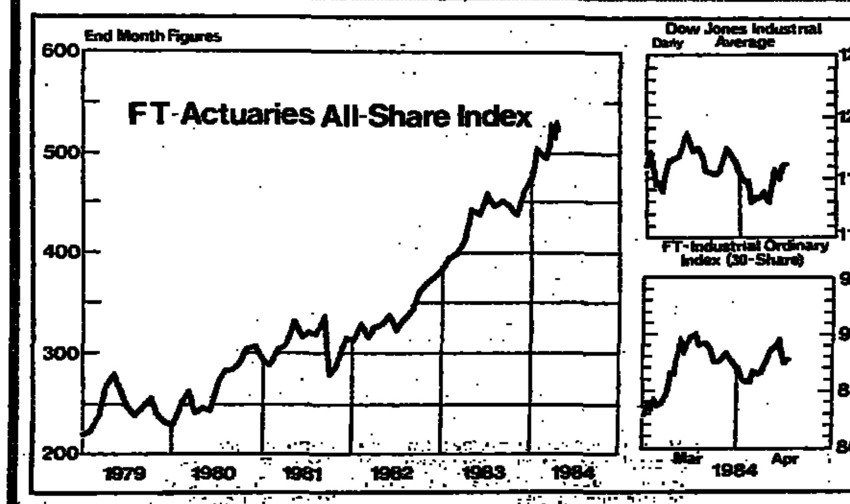
Other active spots included Baxter Travenol, the pharmaceuticals company, which remained unchanged at $15⅛ on turnover of more than 1m shares. Pfizer, the fellow drug group which is strongly affected by movements in the dollar, eased $⅛ to $34⅞. The recent firmness in the U.S. currency has an adverse effect on Pfizer's prices in foreign markets.

In the credit markets, retail interest remained thin, with the major institutional investors unwilling to open new positions ahead of the extended holiday weekend. The federal funds rate held steady at 10 7/16 per cent, and money market rates turned mixed after opening lower.

The bond market had difficulty maintaining an early round of small gains. The key 2013 long bond shed an initial rise of 7/32 and edged down by a net 4/32 to 95 5/32.

Treasury bill rates were little changed, with the three-month discount one basis point off at 9.76 per cent and the six-month three basis points up at 9.93 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

	April 17	Previous	Year ago
NEW YORK			
DJ Industrials	1168.97*	1160.28	1171.34
DJ Transport	503.29*	501.95	529.94
DJ Utilities	126.35*	125.00	126.06
S&P Composite	158.69*	158.32	158.75
LONDON			
FT Ind Ord	879.8	875.2	685.2
FT-SE 100	1110.2	1105.6	949.5
FT-A All-share	524.02	523.02	437.46
FT-A 500	569.06	567.49	475.31
FT Gold mines	673.3	672.5	648.6
FT-A Long gilt	10.28	10.28	10.36
TOKYO			
Nikkei-Dow	10,906.40	11,019.67	8552.16
Tokyo SE	854.97	864.08	619.39
AUSTRALIA			
All Ord.	763.1	764.5	566.2
Metals & Mins.	542.1	545.7	523.1
AUSTRIA			
Credit Aktien	54.92	55.05	54.03
BELGIUM			
Belgian SE	154.37	154.63	122.1
CANADA			
Toronto Composite	2331.4*	2330.2	2264.1
Montreal Industrials	418.38*	417.78	383.43
Combined	396.00*	395.25	378.25
DENMARK			
Copenhagen SE	192.11	188.25	138.98
FRANCE			
CAC Gen	171.1	170.8	120.2
Ind. Tendance	108.6	108.8	75.2
WEST GERMANY			
FAZ-Aktien	352.64	349.78	307.75
Commerzbank	1031.9	1025.9	922.0
HONG KONG			
Hang Seng	1088.12	1075.48	1067.14
ITALY			
Banca Comm.	214.33	213.14	201.87
NETHERLANDS			
ANP-CBS Gen	160.5	160.7	129.5
ANP-CBS Ind	128.5	128.3	108.1
NORWAY			
Oslo SE	281.40	279.20	163.02
SINGAPORE			
Straits Times	993.82	1000.55	892.61
SOUTH AFRICA			
Golds	n/a	1022.0	904.5
Industrials	n/a	1052.5	876.6
SPAIN			
Madrid SE	115.75	116.35	113.73
SWEDEN			
J & P	1517.49	1506.02	1307.26
SWITZERLAND			
Swiss Bank Ind	373.3	372.4	316.2
WORLD	April 16	Prev	Yearago
Capital Int'l	188.1	188.3	172.9

GOLD (per ounce)

	April 17	Prev
London	$380.25	$380.50
Frankfurt	$380.25	$379.75
Zürich	$380.25	$379.75
Paris (fixing)	$380.28	$379.87
Luxembourg (fixing)	$380.35	$379.50
New York (April)	$380.90*	$379.60

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR April 17	U.S. DOLLAR Previous	STERLING April 17	STERLING Previous
$	–	–	1.4205	1.421
DM	2.6425	2.6375	3.755	3.75
Yen	225.0	225.4	320.0	320.5
FFr	8.134	8.1175	11.5525	11.535
SwFr	2.192	2.1865	3.115	3.11
Guilder	2.981	2.976	4.235	4.23
Lira	1633.5	1631.5	2319.5	2318.0
BFr	53.91	53.89	76.6	76.6
C$	1.2792	1.28055	1.8175	1.819

INTEREST RATES

	April 17	Prev
Euro-currencies (3-month offered rate)		
£	8 15/16	8 15/16
SwFr	3¾	3⅝
DM	5 11/16	5 11/16
FFr	13¼	13½
FT London Interbank fixing (offered rate)		
3-month U.S.$	11	11
6-month U.S.$	11¼	11¼
U.S. Fed Funds	10 7/16*	10½
U.S. 3-month CDs	10.50*	10.55
U.S. 3-month T-bills	9.77*	9.77

U.S BONDS

	April 17* Price	April 17* Yield	Prev Price	Prev Yield
Treasury				
11½ 1986	99 29/32	11.57	99 24/32	11.64
12⅝ 1991	99 12/32	12.48	99 10/32	12.50
11.75 1993	95 17/32	12.56	95 11/32	12.59
12 2013	95 5/32	12.62	95 5/32	12.63
Corporate				
AT & T				
10⅜ June 1990	90⅞	12.55	91	12.50
3⅞ July 1990	70⅝	10.40	70⅝	10.40
8¾ May 2000	70⅞	13.15	71⅜	13.05
Xerox				
10⅞ March 1993	88⅛	12.90	88	12.85
Diamond Shamrock				
10⅞ May 1993	87⅞	13.05	87⅞	12.95
Federated Dept Stores				
10⅞ May 2013	81¼	13.10	81¼	13.10
Abbot Lab				
11.80 Feb 2013	90⅛	13.10	90⅝	13.05
Alcoa				
12¼ Dec 2012	90¾	13.55	91	13.50

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	65-22	65-29	65-22	65-20
U.S. Treasury Bills (IMM) $1m points of 100%				
June	90.02	90.05	90.01	89.98
Certificates of Deposit (IMM) $1m points of 100%				
June	89.09	89.16	89.08	89.07
LONDON				
Three-month Eurodollar $1m points of 100%				
June	88.98	89.01	88.95	88.93
20-year Notional Gilt £50,000 32nds of 100%				
June	107–04	107–10	107–01	107–03

COMMODITIES

(London)	April 17	Prev
Silver (spot fixing)	644.75p	642.20p
Copper (cash)	£1089.00	£1062.25
Coffee (May)	£2084.00	£2052.00
Oil (spot Arabian light)	$28.42	$28.42

LONDON

Fragility amid the stability

A FRAGILE mood was still evident in London equities yesterday after Monday's savage shake-out, but investors responded to Wall Street's firmer performance and impressive corporate results from leading diversified UK groups.

The FT Industrial Ordinary index managed to recoup 4.6 of the previous session's 20-point fall to close at 879.8. The FT-SE 100 index also rose 4.6 to 1,110.2.

Most investors were reluctant to commit funds before developments in the miners' dispute, and it was this lack of investment interest that threatened to erase the early advances until sparkling annual results from Hawker Siddeley came to the rescue. Hawker closed 34p up at 452p.

Bid speculation in Waterford Glass put on 12p to 43p while Laporte Industries continued strongly with a 12p gain to 440p.

Losses for the day included BAT Industries, 9p weaker at 235p, and Unigate, 4p off at 119p.

Gilt-edged securities also steadied with quotations fluctuating either side of overnight levels before closing little changed on balance.

Chief price changes, Page 36; Details, Page 37; Share information service, Pages 38–39

AUSTRALIA

ISOLATED pockets of good news were in evidence in Sydney as the All Ordinaries index finished 1.4 lower at 763.1.

Favourable flow rates from a Barrow Basin exploration well aided listed partners in the consortium with Bond Corporation steady at A$1.30 after a 9-cent loss in early trading and Pelsart 3 cents higher at 24 cents.

Other oil and gas issues were quiet with BHP 2 cents down at A$11.75 after going ex-scrip and ex-dividend yesterday while Santos was 4 cents cheaper at A$7.02.

Mines saw CRA lose 6 cents to A$6.12 and MIM 7 cents off at A$3.63 although coal share Oakbridge improved 6 cents to A$1.02.

HONG KONG

LATE SPECULATIVE demand buoyed Hong Kong although most investors remained on the sidelines pending the arrival from Peking of Sir Geoffrey Howe, the British Foreign Secretary, or any Sino-British statement on the negotiations over the colony's future. The Hang Seng index rose 12.64 to 1,088.12 on quiet turnover.

Banks were brighter with Hang Seng 25 cents ahead at HK$39.25 and Hongkong and Shanghai 5 cents firmer at HK$7.35 ex-dividend.

Elsewhere, Jardine Matheson and Hutchison Whampoa both added 20 cents to HK$17.50 and HK$11.60 respectively.

SINGAPORE

A FURTHER downturn in Singapore took the Straits Times index 6.73 lower to 993.82 with modest losses among blue chips as profit-taking hit industrial issues.

The slip below the 1,000 level did not precipitate a resurgence of activity as turnover reached only 6.3m shares, but sentiment was disturbed by continuing political turbulence in Malaysia and a Hong Kong High Court investigation of the death of a Bank Bumiputra official.

Times Publishing finished 15 cents weaker at S$8.75 and Genting shed 10 cents to S$5.30. Malayan Banking lost 10 cents to S$10.20 while UOB moved against the trend with a 5 cent advance to S$5.35.

SOUTH AFRICA

A STATIC bullion price was reflected in largely steady gold mines shares in Johannesburg.

Buffels managed a 50-cent rise to R79.50 with Free State Geduld unchanged at R53. An earth tremor that killed three miners at its Western Deep Levels mine did not hit Anglo American's share price and it closed unchanged at R24.50.

Industrial leader Barlow Rand lost 5 cents to R14.40 in a generally mixed sector.

CANADA

EARLY GAINS in Toronto began to be eroded, leaving the market flat overall as gains among oil and gas issues offset weakness in golds and base metals.

Montreal strength was centred on the banks, as industrials and utilities lost much of their opening firmness.

EUROPE

Background of conflict is restraint

DOMESTIC labour and political conflicts restrained bourse sentiment in many European centres yesterday, but some good gains were established on the back of corporate results and Wall Street's better tone.

The breakdown of talks between West German metalworkers and their employers came after the **Frankfurt** close, but fears of a deadlock over the 35-hour week claim have been weighing on the market for some time.

The *Commerzbank index managed a* six-point rally to 1,031.9 as selective demand featured banks, to the detriment of the industrial sectors most at threat from an escalation of disruptive action.

This was despite walk-outs by workers at many banks. The bourse data centre was reported to have been affected too.

On the positive side came a forecast from the country's five leading economic research units of a growth boost to a real 3 per cent this year along with a wider current account surplus and flat inflation.

Bayerische Hypobank led with a DM 12.50 jump to DM 294.50 – a three-day surge of DM 21.50 following hopes it expressed of a higher dividend in the current year. Bayerische Vereinsbank could manage only a 50 pfg firmer result at DM 345.50, but of the majors Commerzbank put on DM 5 at DM 184 and Deutsche DM 6 at DM 391.

Dividend and rights issue news from Hoechst were in line with expectations and brought a DM 1.40 gain at DM 179.50. Degussa, which went ex-dividend the previous session, added DM 4.50 to DM 408.

Steels were predictably unsettled, with Klöckner off 90 pfg at DM 63.50 and Thyssen just 20 pfg firmer at DM 86.70.

A steadier domestic bond market allowed the Bundesbank to offload DM 82.4m in public paper.

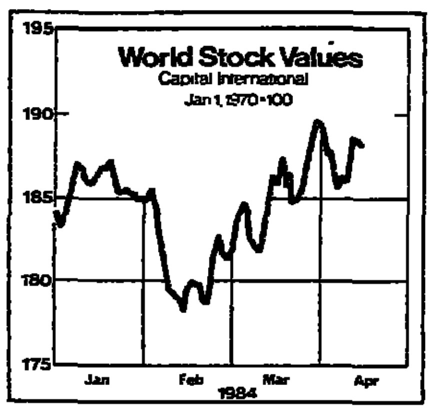
The strain on the ruling Dutch coalition over cruise missile deployment made for **Amsterdam** caution. A mixed outcome had the insurers showing recently favoured Amev another Fl 3.30 ahead at Fl 157.30 but Nat Ned down Fl 1.50 at Fl 215.50.

Domestic bond prices turned lower.

As France's Socialist and Communist government partners attended to the rift between them, **Paris** too showed a reluctance to embark on any decisive direction. Higher unemployment and trade deficit projections were no help, and many dealers were content with the quietly mixed finish.

Corporate announcements generally came too late to affect trading: Valeo eased FFr 2 to FFr 273 before news of its maintained payout, while Galeries Lafayette gained FFr 3 to FFr 184 as it revealed 1983 earnings more than halved.

Moulinex was in demand, adding FFr 3.40 to FFr 102.10.



Milan began a new monthly account still lacking clarity about the prospects *of success for government moves to limit* wage indexation, and a similarly quiet and mixed session resulted.

Olivetti, off L64 at L4,345, was beset by rumours – later borne out – that its New York issue would be postponed. But the bourse had no time to react to the accompanying news of nearly trebled net profits.

Bonds were barely changed.

The continuation of a **Stockholm** recovery from the setbacks engendered by last week's unwelcome economic measures took Ericsson SKr 6 higher to SKr 330. It drew notable foreign interest, while mainly local demand buoyed Pharmacia SKr 9 to SKr 275.

Norsk Data stood out in **Oslo** with a NKr 12.50 jump to NKr 317.50 after reporting strong order demand.

Profit-taking in **Brussels** centred on UCB, down BFr 340 at BFr 5,100, and Cockerill-Sambre, BFr 14 lower at BFr 281 – both after a good recent run-up.

A steady **Zurich** had Nestlé SwFr 25 ahead at SwFr 5,100: later it denied that it was a suitor for Rowntree Mackintosh of the UK.

Oerlikon-Bührle dipped SwFr 10 to SwFr 1,290 ahead of news on its slide into the red.

Banks were mostly firmer, as were domestic bonds.

Electricals led **Madrid** lower.

TOKYO

Margin debt concern dominates

CONCERN over swelling margin debts drove share prices sharply lower in Tokyo yesterday, halting a six-day climb despite a 10-point overnight gain on Wall Street, *writes Shigeo Nishiwaki of Jiji Press.*

Leading blue chips such as Hitachi led the across-the-board decline.

The Nikkei-Dow market average dropped 113.27 to 10,906.40 while volume totalled 381.10m shares compared with 346.08m the previous day. Losses far outnumbered gains by 532 to 198, with 156 issues unchanged.

Investor concern about high prices, which began at the beginning of last week, was fuelled by a forecast that the buying balance of margin transactions on the Tokyo, Osaka and Nagoya exchanges would record a sharp increase.

The concern was well founded, as it was announced after yesterday's close that the buying balance at the end of last week had swollen Y24bn over the preceding week to yet another high of Y2,696.2bn.

Many floor traders interpreted yesterday's market retreat as a natural correction after the recent rises, and the majority view was that Tokyo would have to remain on a weak note for the time being.

High-priced stocks lost ground on a wide front with Kyocera falling Y20 to Y6,380, TDK Y170 to Y5,880 and Fanuc Y360 to Y9,400.

Hitachi, which topped Y1,000 for the first time last week, shed Y20 to Y970, prompting investors to sell other leading blue chips. Fuji Photo Film slipped Y80 to Y1,750, Canon Y50 to Y1,330, Matsushita Electric Industrial Y20 to Y1,930 and Victor Y100 to Y2,850.

Others to lose included oils, non-ferrous metals, chemicals and machineries, although some cash-traded issues attracted buying interest near the close.

Nissho Iwai, a trading house, spurted Y38 to Y335 on speculative buying triggered by suggestions that it had made a promising gold discovery in Australia. The company declined any immediate comment.

A wait-and-see mood dominated the bond market as investors were uncertain about the course of U.S. interest rates. The yield on the benchmark 7.5 per cent government bond, maturing in January 1993, edged up from 7.120 per cent the previous day to 7.125 per cent.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, April 17

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20¼	11	AAR	.44	2.3	20	3	19⅝	19⅝	19⅝	−⅛
52⅞	31½	ACF	1.40	2.7	650	4192	52⅞	51⅞	52	+⅜
22	15½	AMCA	n 1	5.8		3	17¾	17¾	17¾	
18⅞	13¼	AMF	.50	3.7		164	13¾	13½	13⅝	+⅛
41¼	26	AMR Cp			7	5840	35⅛	34¼	34⅞	+1
23⅜	17⅜	AMR	pf2.18	12		73	19⅛	18⅞	18⅞	−⅛
41½	29⅝	AMR	pf2.13	5.8		71	36¾	36¼	36¾	+1
15¾	5⅝	APL			3	14	11	11	11	
55¾	41¼	ARA	2.10	5.0	9	95	42	41⅝	42	+¼
77¼	50¼	ASA	3a	4.6		340	65½	64¼	65⅞	+1
33⅜	17	AVX	s .32	1.5	21	323	21	20⅝	21	+1¼
53⅜	38¼	AbtLab	1.20	2.7	15	2414	44	43	44	+1¼
30¼	23¼	AccoWd	.60	2.3	17	94	26	25⅝	25⅝	+½
27½	19¼	AcmeC	.40	1.9		49	20⅞	20⅝	20⅝	
13	8⅝	AcmeE	.32b	3.2	63	10	10	10	10	−⅛
24⅞	12⅞	AdmDg	.04	.3	9	36	15½	15¼	15½	+⅛
18¼	15⅛	AdaEx	2.11e	13		52	15⅞	15⅝	15⅞	
19⅞	11	AdmMl	.28	1.8	8	77	16⅛	16	16	−⅛
22	14½	AdvSys	.811	4.9	16	38	16⅝	16⅝	16⅝	
18⅞	8⅞	Advest	.12	1.1	9	24	11	10⅞	10⅞	−⅛
37½	17⅞	AMD	s		27	9127	32⅞	31⅝	32⅞	+1
24⅝	12½	Aeroflx	.6		13	30	12⅞	12½	12⅞	+⅛
43½	33¼	AetnLf	2.64	7.1	11	441	37⅞	37	37¼	+⅛
59⅛	54⅛	AetL	pf5.28e	9.3		24	57	56⅞	56⅞	−⅛
40½	20	Ahmns	1.20	5.2	6	463	23⅜	22⅞	22⅞	+⅛
7⅛	3¼	Aileen				30	3⅞	3⅞	3⅞	
51	36½	AirPrd	1	2.1	13	1038	47	46½	46⅞	+½
30⅞	15	AirbFrt	.60	3.4	11	211	17⅞	17	17½	+½
3¼	1⅛	AlMoa	s			238	3¼	3⅛	3¼	+⅛
33½	28¼	AlaP	pfA3.92	14.		5	29¼	29	29	
7⅞	6½	AlaP	dpf.87	12.		14	7	6⅞	7	+⅛
74½	65	AlaP	pf 9	14		z700	65	d64½	65	
[illegible]										

Closing U.S. share prices were not available for today's edition because of industrial action at the Financial Times' printers in Frankfurt.

Continued on Page 35

AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, April 17

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7¼	3⅞	WridAr				106	4½	4⅛	4½	+ ⅛
57¼	45	Wrigly	1 80	3 9	9	13	47½	46½	46½	− ⅛
8⅞	5½	Wurltz				2	5½	5½	5½	
25⅞	13¾	WyleLb	.32	2 1	15	43	15⅞	15½	15½	− ¼
17⅞	9	Wyly				24	10⅜	10⅛	10⅛	− ⅛
22¼	15¼	Wynns	.60	3 4	10	62	17¾	17½	17½	− ⅛
		X-Y-Z								
52⅞	39	Xerox	3	7 5	9	1007	40⅜	40	40¼	
53⅝	47⅛	Xerox	pf5 45	12		110	47⅞	47½	47½	
37	21½	XTRA		2 6	12	83	24½	23⅞	24½	+ ¼
34	24	ZaleCp	1 26	5 1	10	40	24½	24⅜	24½	+ ¼
24	15⅛	Zapata	.84	3 6	12	221	23⅝	23¼	23⅜	
52¼	31⅞	Zayre	s .40b	1 2	10	721	33½	33¼	33½	
38⅝	16¼	ZenithR			13	351	28½	27¾	28½	+ ⅝
27⅝	18¼	Zero	s .36	1 8	17	43	20¼	19½	20	+ ⅜
37½	21¼	Zurnin	1 32	5 7	10	53	23	22⅝	23	+ ¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AUSTRIA

April 17	Price Sch%	+ or —
Creditanstalt	212	—1
Goesser	325	—4
Interunfall	409	.....
Laenderbank	205	.....
Perlmooser	352	.....
Steyr-Daimler a	149	.....
Veitscher Mag	219	+1

BELGIUM/LUXEMBOURG

April 17	Price Frs.	+ or —
ARBED	1,680	.....
Banq Int A Lux	5,200	...
Bekaert B	3,750	+120
Ciment CBR	2,315	—5
Cockerill	281	—14
Delhaize	5,000	...
EBES	2,775	+10
Electrobel	6,700	+60
Fabrique Nat	2,250	+50
GB Inno BM	3,315	+5
GBL (Brux)	2,565	—55
Gevaert	3,290	—10
Hoboken	5,370	—30
Intercom	2,075	—5
Kredietbank	7,100	—50
Pan Hldgs	9,920	.....
Petrofina	7,920	+50
Royale Belge	8,750	+70
Soc. Gen. Banq	3,495	—5
Soc. Gen. Belge	1,855	—20
Sofina	5,970	+80
Solvay	4,130	+30
Traction el	3,600	—10
UCB	5,100	—340
Vieille Mont	4,200	—95

DENMARK

Apr. 17	Price Knr %	+ or —
Aarhus Olie	382	+22
Andelsbanken	344	+13
Baltic Skand	615	+20
CopHandelsbank	254	+16
D. Sukkerfab	645	+10
Danske Bank	246	+10
East Asiatic	174	.....
Forenede Brygg	965	+80
Forenede Damp	165	—3
GNT Hldg	506	+15
I.S.S.B.	620	...
Jyske Bank	480	+22
Novo Ind	2,455	+250
Privatbanken	269	+14
Provinsbanken	331	+10
Smidth (F.)	220	—29
Sophus Berend	1,145	.....
Superfos	524	+6

FRANCE

April 17	Price Frs.	+ or —
Emprunt 4½% 1973	1,838	—2.1
Emprunt 7% 1973	9,637	—13
CNE 3%	3,450	—10
Air Liquide	560	+8
BIC	431	—4
Bouygues	703	+13
BSN Gervais	2,605	—30
CIT-Alcatel	1,310	—32
Carrefour	1,790	+50
Club Mediter'n	895	+15
CFAO	655	+4
Cie Bancaire	476.4	+3.4
Cofimeg	217.1	—0.9
Creusot Loire	36.3	+0.9
Darty	910	+9
Dumez S.A.	741	+20
Eaux (Cie Gen)	570	+6
Elf-Aquitaine	245	+4
Gen. Occidentale	577	...
Imetal	82.2	—1.1
Lafarge Coppee	382	—0.7
L'Oreal	2,390	+40
Legrand	1,870	—9
Maisons Phenix	265	—28
Matra S.A	1,456	+5
Michelin B	843	—12
Midi (Cie)	1,445	—6
Moet-Hennessy	1,495	+5
Moulinex	102.1	+3.4
Nord Est	47.9	—0.3
Pernod Ricard	737	+7
Perrier	553	—4
Petroles Fra	239.5	+3.5
Peugeot S.A.	233	+2.5
Poclain	45.8	.....
Printemps Au	151	—0.1
Radiotech	289.5	—2.5
Redoute	1,195	—10
Roussel-Uclaf	999	+1
Schneider S.A.	109.5	—5
Sefimeg	280.5	+3.6
Skis Rossignol	1,360	...
Telemech Elect	1,635	+10
Thompson (CSF)	320	—1
Valeo	273	—2

GERMANY

Apr. 17	Price Dm.	+ or —
AEG-Telef	94.9	—0.9
Allianz Vers	769	+6
BASF	165.6	+1.1
Bayer	171	—0.2
Bayer Hypo	294.5	+12.5
Bayer-Verein	345.5	+0.5
BHF-Bank	286	+3
BMW	400	—1.5
Brown Boveri	223	+1
Commerzbank	184	+5
Cont'l. Gummi	131.3	—0.2
Daimler-Benz	565.5	+0.5
Degussa	408xd	+4.5
Demag	146	.....
D'sche Babcock	167	+4
Deutsche Bank	391	+6
Dresdner Bank	181	+3
GHH	149.5	+1
Hochtief	515	.....
Hoechst	179.5	+1.4
Hoesch Werke	117	.....
Holzmann (P)	437	.....
Horten	196	.....
Kali und Salz	195	—3
Karstadt	266.5	—1
Kaufhof	252	—1
KHD	249.5	+2.5
Kloeckner	63.5	—0.9
Krupp	81	+1
Linde	379.8	+4.8
Lufthansa	159.5	+1.5
MAN	148	..
Mannesmann	144.9	+0.3
Mercedes Hld	500	+0.5
Metallgesell	245	+2
Muench Rueck	1,050	—10
Preussag	279.5	+1
Rhein West Elect	164.5	—0.3
Rosenthal	232	—1
Schering	354	+0.5
Siemens	401	+1
Thyssen	86.7	—0.2
Varta	169	.....
Veba	171.8	—0.2
V.E.W	121.3	—0.2
Verein-West	300	.....
Volkswagen	207.6	—2.2

ITALY

Apr. 17	Price Lire	+ or —
Banca Com'le	34,200	+500
Bastogi-IRBS	149	+0.6
Centrale	17,80	—23
Credito Varesino	5,200	.....
Fiat	4,186	+30
Finsider	37.6	+0.6
Generali Assicur	36,790	—110
Invest	3,332	+37
Italcementi	47,650	+140
Montedison	216.4	+2.4
Olivetti	4,345	—64
Pirelli Co	2,900	+1
Pirelli Spa	1,520	+15
Snia BPD	1,587	+12
Toro Assic.	12,030	—70
do. Pref.	9,301	+2

NETHERLANDS

April 17	Price Fls	+ or —
ACF Holding	182.5	+0.5
AEGON	131.0	+1.2
Ahold	195.0	+2.5
AKZO	98.7	+0.3
ABN	383	+2
AMEV	157.3	+3.3
AMRO	70.8	—0.2
Bredero Cert	200.5	+0.5
Bos Kalis Westm.	33.0	—0.7
Buehrmann-Tet.	67.3	—0.7
Calland Hldgs	37	.....
Credit Lyon'is Bk	56.8	+0.8
Elsevier-NDU	516	—9
Gist. Brocades	134.5	+1.0
Heineken	132.5	—0.5
Hoogovens	48.2	—0.8
Hunter Douglas	28.0	—0.4
Int Mueller	34.2	—0.3
KLM	175.8	+2.8
Naarden	39.0	+0.2
Nat Ned Cert	215.5	—1.5
Ned. Credit Bank	40	.....
Ned Mid Bank	153.0	—0.5
Nedlloyd	120	....
Oce Grinten	239.5	+0.5
Ommeren (Van)	30.0	—0.2
Pakhoed	62.5	—0.5
Philips	48.6	.....
Rijn-Schelde	3.5	+0.1
Robeco	324.2	—0.3
Rodamco	134.5	+0.2
Rolinco	317.5	—0.2
Rorento	203.1	—0.4
Royal Dutch	168.5	+0.5
Unilever	256.1	—0.3
VMF Stork	113.9	—0.4
VNU	149.7	—1.3
West UtBank	92.8	+0.2

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

April 17	Price Kroner	+ or —
Bergen Bank	160	—2
Borregaard	327.5	+2.5
Christiania Bk	166	+1
Den Norsk Credit	171.0	—1.5
Elkem	172	+1
Norsk Data	317.5	+12.5
Norsk Hydro	617.5	—12.5
Storebrand	229	—2

SPAIN

April 17	Price Pta%	+ or —
Bco Bilbao	289	+1
Bco Central	321	—3
Bco Exterior	201	.....
Bco Hispano	225	—2
Bco Santander	290	.....
Bco Vizcaya	375	.....
Dragados	144	—1
Hidrola	48.2	—1.6
Iberduero	54.0	—0.8
Petroleos	112.0	—1.5
Telefonica	61.0	—0.5

SWEDEN

April 17	Price Kronor	+ or —
AGA	375	+4
Alfa-Laval	279	.....
ASEA (Free)	343	—7
Astra (Free)	500	+15
Atlas Copco	128	+2
Boliden	440	+8
Cardo (Free)	415	—5
Cellulosa	160	+2
Electrolux B	271	.....
Ericsson	330	+6
Esselte	345	+5
Mo Och Domsjo	515	+15
Pharmacia	275	+9
Saab-Scania	396	+6
Sandvik	401	—1
Skandia	392	—3
Skan Enskilda	345	+1
SKF	217	+5
St. Kopparbergs	770	+10
Sven Handelsbn.	200	+1
Swedish Match	259	—2
Volvo B (Free)	463	—1

SWITZERLAND

April 17	Price Frs.	+ or —
Alusuisse	858	—5
Bank Leu	3,850	+50
Brown Boveri	1,505	—5
Ciba Geigy	2,270	—5
do. (Part Certs)	1,760	+5
Credit Suisse	2,245	+10
Elektrowatt	2,685	+5
Fischer (Geo.)	686	+1
Genevoise	3,650	.....
Hoff-Roche PtCts	100,500	+250
Hoff-Roche 1/10	10,500	.....
Jacobs Suchard	6,600	.....
Jelmoli	1,860	+10
Landis & Gyr	1,450	+20
Nestle	5,100	+25
Oer-Buehrle	1,290	—10
Pirelli	251	—2
Sandoz (Br)	6,800	+25
Sandoz (PtCts)	1,025	+5
Schindler (PtCts)	580	—20
Swissair	1,085	.....
Swiss Bank	332	.....
Swiss Reinsce.	7,975	—25
Swiss Volksbk.	1,430	.....
Union Bank	3,450	+15
Winterthur	3,050	+40
Zurich Ins.	17,800	.....

AUSTRALIA

Apr. 17	Price Aust $.	+ or —
ANZ Group	5.64	—0.02
Acrow Aust.	1.6	—0.2
Alliance Oil D.	0.74	—0.01
Ampol Pet	1.85	+0.15
Aust Cons Ind	1.9	+0.01
Aust. Guarant	2.75	+0.05
Aust. Nat. Inds	2.68	+0.03
Aust. Paper	2.02	+0.04
Bell Group	5.4	—0.1
Bond Corp Hldgs	1.30	.....
Boral	3.6	—0.02
B'ville Copper	2.7	—0.02
Brambles Inds	2.85	—0.05
Bridge Oil	2.95	—0.1
BHP	11.75xd	—0.02
CRA	6.12	—0.08
CSR	3.77	—0.05
Carlton Utd	4.2	.....
Castlemaine Tys.	4.68	+0.05
Coles (G.J.)	3.72	+0.02
Comalco "A"	3.1	.....
Consolidated Pet	1.23	+0.23
Costain Aust.	1.18	.....
Dunlop Aust.	1.67	+0.02
E.Z. Inds.	5.46	+0.04
Elders IXL	3.98	.....
Energy Res	1.48	—0.02

AUSTRALIA (continued)

Apr. 17	Price Aust. $	+ or —
Gen Prop Trust	2.07	—0.01
Hardie (J.)	3.4	—0.05
Hartogen Energy	5.3	+0.05
HeraldW'y Times	3.3	—0.05
ICI Aust.	2.15	+0.05
Jimb'lana 50cFP	0.3	+0.02
Kia Ora Gold	0.16	.....
Lend Lease	4.9	+0.1
MIM	3.63	—0.07
Mayne Nickless	2.5	.....
Meekatharra	0.75	—0.05
Myer Emp.	1.88	—0.02
Nat. Com. Bk.	3.6	+0.05
News	10.2	.....
Nicholas Kiwi	2.8	.....
North Bkn Hill	2.8	—0.1
Oakbridge	1.02	+0.06
Otter Expl	0.58	.....
Pancont'l	1.3	—0.05
Pioneer Conc	1.62	—0.02
Reckitt & Coln	2.65	+0.02
Repco	1.18	+0.01
Santos	7.02	—0.04
Smith (H.)	3.8	+0.02
Southland Min'g.	0.40	.....
Spargos Expl	0.4	+0.02
Thos. Natwide	1.9	—0.05
Tooth	5.2	—0.02
UMAL Cons	3.6	.....
Vamgas	3.5	.....
Western Mining	4.33	+0.01
Westpac	3.87	—0.01
Woodside Petrol.	1.18	—0.01
Woolworths	2.42	.....
Wormald Intl	3.3	+0.1

HONG KONG

Apr. 17	Price H.K.$	+ or —
Bank East Asia	24.6	.....
Cheung Kong	9.9	+0.25
China Light	12.8	+0.2
Hang Lung Devel	2.9	.....
Hang Seng Bank	39.25	+0.25
HK Electric	6.2	+0.15
HK Kowloon Wh.	4.27	+0.05
HK Land	3.7	+0.05
HK Shanghai Bk.	7.35xa	+0.05
HK Telephone	45.5	—0.25
Hutchison Wpa	17.5	+0.2
Jardine Math.	11.6	+0.2
New World Dev.	3.6	+0.15
Orient O'seas.	2.65	.....
O'seas Trust Bk.	3.5	+0.05
SHK Props	7.4	+0.05
Swire Pac A	18.3	+0.8
Wheel'k Mard A.	3.75	+0.08
Wheel'k M'time	2.05	.....
World Int. Hldgs.	2.4	+0.05

JAPAN

April 17	Price Yen	+ or —
Ajinomoto	1,120	—30
Alps Electric	2,560	—30
Amada	1,310	+10
Asahi Chem	503	—20
Asahi Glass	755	—11
Bridgestone	611	+1
Canon	1,330	—50
Casio Comp.	1,310	—40
Chugai Pharm	1,070	+30
Citizen	602	+1
Daiei	720	.....
Dai Nippon Ptg	1,130	—10
Daiwa House	480	+5
Ebara	335	—3
Eisai	1,110	—10
Fanuc	9,400	—360
Fuji Bank	1,040	.....
Fuji Film	1,750	—80
Fujisawa	815	—5
Fujitsu	1,310	.....
Green Cross	1,950	—100
Hasegawa	371	—14
Heiwa Real Est.	620	—3
Hitachi	970	—20
Hitachi Credit	1,640	—40
Honda	1,110	—10
House Food	776	—4
Hoya	2,200	—110
Itoh (C)	320	+8
Ito.Yokado	2,050	—100
Iwatsu	1,930	—60
JACCS	592	—3
JAL	2,800	—50
Jusco	830	.....
Kajima	295	+2
Kao Soap	810	—15
Kashiyama	614	+2
Kirin	620	—8
Kokuyo	1,110	—20
Komatsu	489	—11
Konishiroku	655	+5
Kubota	313	+1
Kumagai	469	—6
Kyoto Ceramic	6,580	—20
Maeda Const.	510	—17
Makino Milling	1,400	—40
Makita	1,050	—30
Marubeni	355	—14
Marudai	630	—10
Marui	1,310	+20
MEI	1,930	—20
M'ta Elec Works	784	.....
M'bishi Bank	1,040	—10
M'bishi Corp	564	—1
M'bishi Elec	430	—10
M'bishi Estate	535	+9

JAPAN (continued)

April 17	Price Yen	+ or —
MHI	248	.....
Mitsui Co	365	+8
Mitsui Estate	728	+8
Mitsukoshi	349	+4
NGK Insulators	785	—15
Nihon Cement	212	—3
Nippon Denso	1,540	—10
Nippon Elect	1,400	—20
Nippon Express	306	+1
Nippon Gakki	680	.....
Nippon Kokan	147	—1
Nippon Oil	1,200	—10
Nippon Seiko	635	—15
Nippon Shimpan	658	—7
Nippon Steel	178	—1
Nippon Suisan	340	—4
NTV	15,600	.....
Nippon Yusen	244	—2
Nissan Motor	670	—8
Nisshin Flour	420	—10
Nisshin Steel	205	—8
Nomura	860	—13
Olympus	930	—11
Omron Tateisi	2,270	—80
Orient Leasing	3,990	—90
Pioneer	2,620	—50
Renown	685	.....
Ricoh	1,090	—10
Sankyo	770	—4
Sanyo Elect.	527	—5
Sapporo	433	+5
Sekisui Prefab	570	—10
Seven-Eleven	8,600	—100
Sharp	1,200	—30
Shimadzu	598	—18
Shionogi	623	—2
Shiseido	1,170	—10
Sony	3,670	—10
Stanley	817	+3
S'tmo Bank	1150	.....
S'tomo Elect.	927	—23
S'tomo Marine	515	—5
S'tomo Metal	175	—2
Taihei Dengyo	493	—8
Taisei Corp	215	.....
Taisho Pharm	1,000	—50
Takeda	729	+15
TDK	5,860	—170
Teijin	415	+2
Teikoku Oil	704	+9
Tokyo Marine	645	—5
TBS	905	—17
Tokyo Elect Pwr.	1,300	+10
Tokyo Gas	174	+3
Tokyo Sanyo	821	—26
Tokyo Style	610	—1
Tokyu Corp	318	—2
Toppan Print	809	—4
Toray	458	—10
Toshiba Elect	425	—13
TOTO	545	—9
Toyo Seikan	819	+9
Toyota Motor	1,360	—10
Victor	2,850	—100
Wacoal	800	+5
Yamaha	515	—1
Yamanouchi	1,370	+20
Yamazaki	752	—3
Yasuda Fire	358	—4
Yokogawa Bdge.	439	.....

SINGAPORE

Apr. 17	Price $	+ or —
Boustead Hldgs	2.64	—0.03
Cold Storage	4.26	.....
DBS	10.1	.....
Fraser & Neave	6.35	.....
Genting	5.5	—0.1
Haw Par. Bros	2.59	.....
Inchcape Bhd	2.88	—0.03
Keppel Shipyard	3.04	.....
Malay Banking	10.2	—0.1
Malay Brew.	6.8	—0.1
Multi Purpose	1.9	—0.02
OCBC	10.5	.....
OUB	4.38	—0.02
Sime Darby	2.5	.....
Straits St'mship.	1.56	—0.03
Straits Trdg.	5.85	.....
UOB	5.55	+0.05

SOUTH AFRICA

Apr. 17	Price Rand	+ or —
Abercom	2.5	+0.05
AE & CI	8.45	+0.05
Anglo Am Coal	29.25	.....
Anglo Am Corp	24.5	.....
Anglo Am Gold	151	—0.7
Barclays Bank	20	.....
Barlow Rand	14.4	—0.05
Buffels	79.5	+0.5
CNA Gallo	3.0	.....
Currie Finance	6.25	.....
De Beers	9.55	—0.05
Driefontein	48.25	.....
FS Geduld	53	.....
Gold Fields S.A.	29.5	.....
Highveld Steel	6.1	—0.1
Nedbank	16.25	.....
OK Bazaars	18.75	.....
Protea Hldgs	3.0	+0.02
Rembrandt	25.25	.....
Rennies	15	—0.1
Rust. Plat.	15	—0.1
Sage Hldgs	8.2	.....
SA Brews	7.60	.....
Smith (C.G.)	26	+0.25
Tongaat Huletts	11.8	.....
Unisec	5.6	.....

CANADA

TORONTO

Prices at 2.30 pm April 17

MONTREAL

Closing prices April 16

AMERICAN

Continued from Page 35

OVER-THE-COUNTER

Nasdaq national market, 3pm prices

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

BOC	286	+ 8
Bank of Scot.	655	+ 7
Body Shop	173	+ 13
Bowthorpe	297	+ 19
Brit. Aero	242	+ 12
Chapman Inds.	228	+ 18
Glaxo	875	+ 15
Hawker Sidd.	452	+ 34
ICI	608	+ 14
Laporte Inds.	440	+ 12
Nortan Opax	140	+ 7
NEI	92	+ 7
Pearson (S.)	538	+ 38
Rowntree Mac.	284	+ 26
Stylo	208	+ 10
Waterford Gl.	43	+ 12
Websters	128	+ 21
Weeks Aus.	124	+ 10

FALLS

Adwest	150	— 10
BAT Inds.	235	— 9
Brit. Car Auct.	112	— 5
Gerrard & Natl.	330	— 15
Rivlin (ID&S)	112	— 6
Unigate	119	— 4
Union Disc.	740	— 20

Continued on Page 44

Indices

NEW YORK-DOW JONES

New York Active Stocks

LONDON STOCK EXCHANGE

MARKET REPORT

Excellent Hawker Siddeley results revive a fragile market in equity leaders

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 9	Apr 26	Apr 27	May 8
Apr 30	May 10	May 11	May 21
May 14	May 31	June 1	June 11

* "New-time" dealings may take place from 9.30 am two business days earlier.

London markets were still looking rather fragile yesterday after Monday's savage shakeout. Wall Street's late rally overnight gave encouragement initially and leading shares opened several pence higher. Investors were in no hurry to commit funds, however; most preferring to await developments in the miners' dispute, and particularly the outcome of Thursday's NUM delegates' meeting.

The FT Industrial Ordinary share index, shortly after the opening, had regained 7 points of the previous session's 20-point fall. Early sentiment was reinforced by good corporate results from leading diversified UK groups. But lack of genuine investment interest saw the index gain gradually whittled down as the market became increasingly influenced by the approaching Easter holiday; dealings cease at Thursday's close and resume on Tuesday morning.

Some brokers reported orders from smaller clients, both on the buying and selling tack, and often for companies announcing tradig statements. Larger investors still chose to defer their investment decisions, heeding the advice offered recently by financial columnists. Some warned of a pending sharp correction in the current bull market through the possible disruption to industry's fuel supplies, the continuing uncertainty of U.S. financial markets, and London technical considerations.

In the mid-afternoon, the index was only 1.2 higher but before the rise was completely erased **Hawker Siddeley** came to the rescue. Sparkling annual results carried Hawker up 34 to 452p and soon breathed life back into the market. With Wall Street extending the overnight rally early yesterday, blue chip industrials here edged better and the index closed 4.6 up on the day at 879.8. The offer for the Government's 19.4m shares of **Associated British Ports** was fully subscribed; allotment details will be announced later.

Gilt-edged securities also steadied after Monday's depression. Quotations fluctuated either side of overnight list levels before closing little changed on balance. Business was light and generally evenly balanced in a market unimpressed by announcement of a latest Public Sector Borrowing Requirement below the Treasury forecast.

Banks mixed

Business in the Banking sector was at a low ebb and prices fluctuated narrowly. Recently-dull **Midland** rallied 5 to 370p, but **Barclays** softened a couple of pence more to 478p. **Bank of Scotland** attracted small buying in front of today's annual results and rose 7 to 655p. Irish Banks made modest progress on currency influences with **Bank of Ireland** 5 dearer at 345p and **Allied Irish** 3 firmer at 168p. Bid favourite **Minster Assets** traded on a much quieter note and eased a penny at 149p. Discount Houses slipped back following Monday's dullness in Gilt-edged securities. **Gerrard - National** lost 15 at 330p and **Union Discount** gave up 20 at 740p.

Commercial Union reacted to 218p on profit-taking before renewed demand left the close only a couple of pence off at 222p. Other Composite Insurances were steady to a touch firmer. **Phoenix** hardened 5 to 470p despite a broker's "sell" recommendation. Life issues continued to drift lower in thin trading. **Legal and General** shed 5 more to 463p and **Prudential** softened 2 to 475p. Against the trend, **Hambro Life** improved 5 to 425p.

Sock manufacturers **Pantherella** made a successful debut in the Unlisted Securities Market; placed at 80p, the shares opened at 102p and touched 104p prior to closing at 101p. Monday's USM newcomer, **The Body Shop International**, attracted fresh support and rose 13 to 173p; the placing price was 95p.

A rising market in recent weeks reflecting persistent takeover speculation, **Scottish and Newcastle** eased 3 to 116p following the £44m purchase of Hartlepool-based J. W. Cameron from Ellerman Holdings. Other leading Breweries failed to capitalise on a firmer opening and eventually displayed modest losses. **Allied-Lyons**, up to 161p earlier, settled with a net loss of 2 at 156p, while **Bass** dipped 7 more to 350p.

Noteworthy movements in Buildings were confined to secondary issues. **Walter Lawrence** firmed 4 to 240p in reply to satisfactory annual results and **Marchwiel** gained the same amount to 224p following a broker's recommendation. **Wiggins Group** put on 3 to 81p on the announcement that St Piran had increased its stake to 7.85 per cent. **Aberdeen Construction** improved 4 to 202p on occasional buying, while demand in a restricted market lifted **George Dew** 5 to 78p. Among Timbers, **Magnet and Southerns** found support and rose 8 to 172p. Of the leaders, **RMC** hardened a couple of pence to 441p awaiting today's annual results.

Henriques volatile

ICI fluctuated narrowly around a slightly higher opening level of 598p before moving ahead late on Wall Street advices to close a net 14 up at 608p. **Laporte** continued to reflect the sale of its UK and Australian titanium dioxide businesses to SCM Corporation of the U.S. and rose 12 for a two-day advance of 50 to 440p. **Allied Colloids** revived 7 to 305p, but **Brent Chemical International** shed 4 to 103p on scrappy selling. Elsewhere, **Novo Industries "B"** moved up 7 points to £178.

FINANCIAL TIMES STOCK INDICES

	April 17	April 16	April 13	April 12	April 11	April 10	year ago
Government Secs ...	82.03	†82.05	82.43	82.66	82.68	82.85	81.68
Fixed Interest	86.30	86.29	86.42	86.46	86.43	86.54	84.18
Industrial Ord.........	879.8	875.2	896.2	888.6	886.1	878.6	685.2
Gold Mines	673.5	672.5	673.5	670.8	668.3	669.7	648.6
Ord. Div. Yield........	4.35	4.39	4.30	4.34	4.36	4.39	4.55
Earnings, Yld.% (full)	9.91	9.99	9.80	9.89	9.93	10.00	9.26
P/E Ratio (net) (*).....	12.31	12.11	12.56	12.23	12.18	12.09	13.12
Total bargains (Est.)	22,534	24,696	24,686	25,015	24,229	26,299	24,663
Equity turnover £m.	—	283.01	320.97	305.31	282.31	287.23	367.91
Equity bargains	—	23,014	20,534	20,023	20,383	20,514	25,629
Shares traded (ml)...	—	164.9	177.2	167.8	174.7	170.3	211.5

10 am 882.2. 11 am 880.6. Noon 877.4. 1 pm 876.8. 2 pm 876.4. 3 pm 877.8.

Basis 100 Govt. Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/68. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=11.59.

† Correction.

HIGHS AND LOWS

—	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1)	82.03 (17/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3)	86.29 (16/4)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	901.4 (21/3)	770.3 (4/1)	901.4 (21/3/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	520.2 (17/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	April 16	April 13
—Daily		
Gilt Edged Bargains ..	183.8	185.3
Equities Bargains	149.1	133.0
Value	572.0	648.8
5-day Average		
Gilt Edged Bargains ...	165.8	160.5
Equities Bargains ...	135.6	136.1
Value	597.8	592.3

Leading Stores shrugged aside the disappointing March Retail sales figures and closed with modest gains despite a continued paucity of institutional interest. **Woolworth** were again to the fore and advanced 8 to a new peak of 513p; takeover target **Comet** were unchanged at 222p, still some 6 below the agreed shares and cash offer terms from Woolworth. **Currys**, firm last week on bid hopes, reacted 7 more to record a two-day decline of 27 to 351p following a less-than-enthusiastic response to the preliminary figures.

Recent speculative favourite **Arthur Henriques** spurted to 45p on the announcement that the company had received a bid approach but a sharp reaction followed later and the shares closed unchanged on balance at 36p; the annual results, originally scheduled for last Monday, will now be released today. The liquidation of recent speculative positions clipped 6 from **I. D. and S. Rivlin**, at 112p, but scattered support took mail-order house **Grattan** up 6 to 94p.

Style attracted sporadic support ahead of today's preliminary figures and closed 10 dearer at 208p.

NEI, up 7 at 92p, after 95p, on better-than-expected preliminary figures and **Bowthorpe**, 19 to the good at 297p, in further response to the annual results enlivened an otherwise drab Electrical sector. Leading issues traded uncertainly before closing a shade firmer on balance. Helped by news of the £11m Royal Navy contract, **Racal** finished a couple of pence dearer at 214p. In contrast, **Oxford Instruments** drifted off to close 7 cheaper at 305p and **Kode** were 5 down at 310p.

Interest in the Engineering sector was enlivened near the close by announcement of the excellent preliminary figures from Hawker. Trading firmly at around 426p immediately in front of the results, **Hawker** moved up smartly to 461p before settling below the best at 452p, up 34 on the day. Elsewhere, **Adwest** contrasted with a fall of 10 to 150p following disappointing interim figures, but **Wadkin** edged up 3 more to 148p in further response to the annual profits recovery. **Westland** eased 3 to 176p following a report that Sikorsky is set to win a major Australian helicopter contract at the expense of Westland.

Rowntree Mackintosh attracted aggressive support on takeover hopes and surged up to 290p; a denial of bid intentions from Nestle SA brought the price back to 272p before a fresh bout of speculative demand left the shares a net 26 up on the day at 284p. Elsewhere in the Food sector, **Unigate** encountered persistent selling and shed 4 to 119p.

More-than-doubled annual profits helped **Comfort Hotels** improve a penny to 43p, but profit-taking in the wake of the preliminary results clipped 2 from **Strikes Restaurants**, at 76p.

S. Pearson feature

Marked higher initially, leading miscellaneous industrials drifted back before hardening again in the late afternoon. Final improvements were usually limited to a couple of pence, but **BOC** traded firmly throughout at 286, up 8. **Glaxo** were also noteworthy for a rise of 15 to 875p. Elsewhere, **S. Pearson** featured with a jump of 38 to 538p, after 550p, following better-than-expected preliminary results. **Waterford** highlighted the late dealings with a rise of 12 to 43p on news that discussions were taking place which may lead to an offer for the company. **British Aerospace** firmed 12 to 242p after the chairman's annual statement and Press publicity given to the recent influx of orders for the company's 19 seat turbo-prop Jetstream aircraft. **Jacksons Bourne End** improved 5 to 320p in response to the proposed land sale for £575,000 but **Kalamazoo** eased 2 to 44p on disappointment with the interim figures. **Lamont**, still reflecting the good annual results, rose to 62p before settling only a shade better on balance at 60p. **London and Liverpool** gained 2 to 13½p following news that Atlas Leisure is taking over management of Tele-Jector. **Johnson Matthey** met with occasional demand and put on 7 to 260p, but profit-taking clipped 6 from **Christies International**, at 408p and **R. W. Toothill**, at 127p.

Among Leisure issues, **Norton Opax** attracted support and rose 7 to 140p, but **Aspinall Holdings** encountered further scrappy selling in an unwilling market and shed 5 more to 120p.

Early attention among Motors centred on **British Car Auction** which, having succumbed to nervous selling of late, reacted further on the proposed rights issue to close another 5 down at 112p; the company, which raised almost £7m in March 1983 via a similar issue, is forecasting annual profits of around £8m and a 10.5 per cent dividend increase. **BSG International** touched 22½p before settling a net 1½ dearer at 21½p following the annual profits recovery, but **T. C. Harrison** eased 4 to 56p after preliminary figures. Elsewhere, second thoughts about the full-year statement left **York Trailer** 4 cheaper at 35p.

The pending Reuters flotation continued to overshadow Publishers with **Fleet** easing 3 more to 164p. **Websters** provided a bright spot, advancing 21 to 128p, the proposed rights issue being offset by the increased preliminary profits and dividend. Paper/Printings highlighted **Chapman Industries**, which spurted 18 to 228p, following a circular from brokers Laing and Cruickshank. **Olives Paper Mill** continued to respond to speculative support and hardened 3 for a two-day gain of 11 at 33p. **British Printing and Communications**, due to reveal preliminary figures today, firmed a few pence to 189p. **Harrison Cowley** stood out among advertising counters with a gain of 8 to 143p after the increased annual profits and dividend.

Oils firmer

Oils opened on a firm note, reflecting good gains in overnight U.S. markets, but subsequently retreated in the face of renewed selling pressure. After-hours trading saw the emergence of further American buying interest and prices responded accordingly with domestic interest stimulated following encouraging comments by John Raisman, chairman and chief executive of Shell UK.

BP opened and closed at 495p, a net gain of 5, having dipped to 488p in the interim period, while **Ultramar** rose a like amount to 690p. **LASMO** closed 3 firmer on balance at 333p, after extremes of 338p and 328p while **Tricentrol** ended the day a similar amount to the good at 208p, after 203p, following news that the company has sold a 30 per cent stake in its Australian offshore licence NT/P-33 to Esso Exploration and Production Australia.

Irish exploration issues gave ground with **Bryson** 10 lower at 335p and **Eglinton** 5 off at 120p. **Aran Energy** were a fraction harder at 61p following the full-year results and accompanying statement.

Strong demand in overnight domestic markets boosted **Weeks Australia** 10 to 125p and **Weeks Petroleum Bermuda** a like amount to 385p.

Among Overseas Traders, **Steel Brothers** eased 8 to 395p following uninspiring preliminary figures.

A marginally firmer bullion price encouraged minor gains throughout the gold-related sectors of mining markets, but business overall was generally subdued owing to the Jewish holiday.

South African Golds were marked up at the outset, as bullion rallied from depressed levels in New York overnight. Thereafter, interest was at a low ebb.

Cheaper-priced issues provided a number of firm features, notably **East Daggafontein**, which jumped 32 to a 1984 high of 494p following persistent Johannesburg buying interest in the wake of a buy recommendation from a leading South African broker.

South African Financials showed minor changes in either direction. **De Beers** rallied 4 to 541p and **"Anamint"** put on ½ to £68½. The Bermuda-based **Minorco**, however, fell 10 to 729p reflecting reports that the London-based cocoa trading subsidiary of Phibro-Salomon—which is around 20 per cent-owned by Minorco—has incurred substantial losses over the past year.

RTZ were outstanding in an otherwise subdued London Financial sector, bear-closing and investment support took the shares up 8 to 665p.

Holiday influences again held sway among Traded Options where total contracts amounted to 2,983—2,172 calls and 811 puts. **ICI**, scheduled to announce first-quarter figures Thursday week, attracted 350 calls with 171 struck in the April 600's. **Commercial Union** recorded 214 calls and 134 puts.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (70)

BRITISH FUNDS (1)
Treas 3pc 1985

AMERICANS (2)
Exxon; Gulf Corp.

BANKS (2)
Moorgate Merc.; United Leasing

BUILDINGS (3)
Aberdeen Constrctn.; Federated Housing; Erith

CHEMICALS (1)
Laporte Inds.

STORES (5)
Ellis & Goldstein; Henriques (A.); Foster; Woolworth; Grattan

ELECTRICALS (4)
Bowthorpe; Philips Fin 5¾pc Conv Ln 1981-84; Cray Electronics; Norsk Data A

ENGINEERING (3)
Banro Inds.; Hawker Siddeley; Brown & Tawse

FOODS (2)
Paterson Jenks; Rowntree Mackintosh

INDUSTRIALS (19)
Bardsey; MCD; British Syphon; Macfarlane; Burns Anderson; Pearson (S.); Cookson; Polymark Cm. Cnv. Pf. A; Diploma; Restmor; Dufay Bitumastic; Ropner A; Gieves; Schlumberger; Glaxo; Technology for Bus.; Gomme; Waterford Glass; Lamont Hldgs.

LEISURE (3)
Anglia TV A; Photax (Lon.); Norton Opax

MOTORS (3)
B.S.G. Internatl; Harrison (T. C.); Davis (Godfrey)

NEWSPAPERS (1)
Websters

PAPERS (5)
British Printing; Harrison Cowley; Brunning; Wight Collins R.S.; Chapman Inds

PROPERTY (5)
Aquis Secs.; Greycoat City Offices; Austmark Internatl.; Rosehaugh; Clarke Nickolls

SOUTH AFRICANS (1)
Gold Fields Prop.

TRUSTS (5)
Cambrian Gen Cap.; Winterbottom Energy; Energy Res. & Serv.; Duncan (W.) G'dricke; Fleming Enterprise

OILS (1)
Dorset Res.

PLANTATIONS (1)
Assam-Dooars

MINES (3)
Egoli Cons.; De Beers Pf.; East Daggafontein

NEW LOWS (22)

BRITISH FUNDS (3)
Funding 6pc 1993; Treas. 9pc 1994; Exchqr 13¼pc '94

INT. BK. & O'SEAS GOVT. STLG. ISS. (1)
Aust 11½pc Ln. '15

CANADIANS (1)
Can. Pacific Ents.

ELECTRICALS (3)
Arlen Elect.; Western Selection; Pactrol

ENGINEERING (3)
Babcock Internatl.; Willay; Evered

FOODS (1)
Morrison (W.)

INDUSTRIALS (3)
Initial; Wolseley-Hughes; Martin-Black

INSURANCE (1)
Legal & General

LEISURE (1)
Aspinall

PROPERTY (1)
Sarakreek N-V

TEXTILES (1)
Carpets Internatl

TRUSTS (2)
Channel Is. Cap.; Brint Invs.

OILS (1)
High Plains Oil

FT - SE 100 INDEX

Close	1110.2 (+4.3)
Day's high	1112.9 (10.02 am)
Day's low	1104.8 (2.15 pm)

Base value=1000 December 30 1983

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Apr 16	Apr 27	July 26	Aug 23
May 8	May 18	Aug 9	Aug 20
May 21	June 8	Aug 30	Sept 10

For rate indications see end of Share Information Service

Call options were arranged in Suter, Hollis Bros & ESA, Fine Art Developments, Mining Supplies, Premier Oil, GEC, Delta, Circle, Arlen, Healys, F. J. C. Lilley, Gestetner A and Oliver Prospecting. No puts or doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	14	19	72
Corpns. Dom. and Foreign Bonds	8	6	66
Industrials	229	346	856
Financial and Props.	75	115	332
Oils	27	22	72
Plantations	3	2	15
Mines	34	18	122
Others	74	52	85
Totals	474	580	1,580

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

COUPON BAND CHANGES: Low 2½% to 9¾%, Medium 10% to 12% and High 12¼% to 15½%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 11,618

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Apr. 17. Total Contracts 2,983. Calls 2,172. Puts 811

*Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101 11/16	100 7/16	Exch 14pc 1984	100¼xd	...	13.93	8.56
99	97¼	Exch. 3pc 1984	99	...	3.03	8.92
101 11/16	101¼	Treas 12pc 1984	101¼	...	11.85	8.88
105⅛	104 13/32	Treas. 15pc 1985	104 13/16	...	14.35	9.21
102¾	102¼	Exch. 12pc Cnv. '85	102 15/16	+1/32	11.71	9.12
94 13/16	93¾	Treas 3pc 1985	94 13/16xd	+1/16	3.16	8.09
102⅜	101 13/16	Treas 11¼pc 1985	102 5/16	...	11.24	9.44
99¾	98¼	Treas 8¾pcCnv '85	98⅞	...	8.85	9.58
104 3/16	102 13/16	Exch. 12¼pc 1985	103⅜xd	...	11.82	9.75
103 13/16	102⅛	Exch. 11¼pc '86	103⅛	...	11.39	9.82
102 7/16	100 9/32	Treas. 10pcCnv 1986	100 9/16	+1/16	9.94	9.68
90¼	88¼	Treas 3pc 1986	89¼xd	+1/16	3.36	8.76
102	100⅛	Exch. 10½pc Cv '86	100 13/16xd	+1/16	10.40	10.01
104 1/16	102½	Treas 12pc 1986	103⅛	...	11.60	10.14
98¾	97⅛	Treas. 8½pc 1984-86‡‡	97⅜	...	8.73	9.82
108 11/16	107 3/16	Exch. 14pc 1986	108 3/16xd	+1/16	12.93	10.19
87⅛	85	Exch. 2½pc 1986	85⅞xd	...	2.91	8.70
107 11/16	106 1/16	Exch 13¼pc 1987	106⅞	+1/16	12.40	10.28
100⅞	98 11/16	Treas. 10¼%Cv '87	99 13/16	...	10.27	10.29
86⅛	83 1/16	Exch 2½pc 1987	84	...	2.98	8.96
101 1/16	99⅛	Exch. 10½pc 1987	100 3/16	+1/16	10.48	10.42
92 13/16	90¾	Funding 6½pc '85-87‡‡	91 7/16xd	...	7.13	9.97
99⅞	97 13/16	Treas. 10pc 1987	98¾	+1/16	10.13	10.45
85	82¾	Treas 3pc 1987	82¾	...	3.62	9.26
105	103 3/16	Treas. 12pc 1987	104¼xd	...	11.51	10.53
94⅞	92	Treas 7¾pc 1985-88‡‡	93 1/16	−1/16	8.33	9.98
100⅝	99 1/16	Exch 10½pc '88	100xd	−1/16	10.50	10.49
98 3/16	96¾	Treas 9¾pc Cv '88	97⅛	...	10.01	10.52
82	79¼	Transport 3pc '78-88	79¼	...	3.79	9.04
96 13/16	94 15/16	Treas. 9½pc 88	96¼xd	...	9.88	10.60
106¾	100⅞	Treas 11½pc 1989	103 3/16	−1/16	11.14	10.62

Five to Fifteen Years

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103 1/16	99⅛	Treas. 10½pc 1989	102½	−⅛	10.62	10.77
100 7/16	96¾	Exch. 10pc 1989	99½	−⅛	10.39	10.93
70 13/16	69⅛	Do. 10pc '89A (£70pd)	69⅛	...	10.35	10.87
85⅛	80⅞	Treas 5pc 1986-89	81	...	6.18	9.56
112¾	107⅝	Treas 13pc 1990‡‡	111½	...	12.02	11.02
110⅞	105¼	Exch. 12½pc 1990	107¼	−⅛	11.76	11.01
93¼	90½	Treas 8¼pc 1987-90‡‡	92¼	−⅛	9.23	10.62
98 11/16	90⅝	Treas. 10pcCv 1990	97⅞	...	10.40	10.81
107	102¾	Treas 11¾pc 1991	105⅞	...	11.44	11.15
84⅛	79⅛	Funding 5¾pc '87-91‡‡	79¼	...	7.27	10.00
105¼	100	Exch. 11pc 1991	100xd	...	10.98	10.96
113⅝	107⅝	Treas 12¾pc 1992‡‡	111⅜	...	11.77	11.10
100⅝	94⅝	Treas 10pc 1992	97⅞	...	10.38	10.69
111¼	104¼	Exch. 12¼pc '92	107½	...	11.59	11.17
117½	110	Exch 13½pc 1992	112⅞	...	12.07	11.26
113⅜	107¾	Treas 12½pc 1993‡‡	110⅞	−⅛	11.61	11.15
78¾	75	Funding 6pc 1993‡‡	75	−⅛	8.06	10.30
121¼	113⅞	Treas 13¾pc 1993‡‡	113⅞xd	...	11.94	11.14
126¾	118⅝	Treas 14½pc 1994‡‡	122	−⅛	12.07	11.09
120⅝	113¼	Exch 13½pc 1994	113¼xd	−⅛	11.90	11.23
114¼	106⅝	Exch. 12½pc 1994	109⅞	...	11.58	11.17
94½	89¼	Treas 9pc 1994‡‡	89¼xd	−⅛	10.00	10.60
109¼	104⅞	Treas 12pc 1995	107¼	...	11.46	11.21
64¼	62¼	Gas 3pc '90-95	62¼xd	...	4.81	8.27
99⅛	95⅝	Exch. 10¼pc 1995	97⅝	...	10.77	11.00
117⅞	110	Treas 12¾pc 1995‡‡	110xd	...	11.49	11.05
122⅝	117¾	Treas. 14pc '96	121	...	11.90	11.24
94¼	88¼	Treas 9pc 1992-96‡‡	89⅞	...	10.11	10.64
134⅞	126	Treas 15¼pc 1996‡‡	126xd	...	12.04	11.18
122¼	114	Exch 13¼pc 1996‡‡	114xd	...	11.52	10.99
69½	66¼	Redemption 3pc 1986-96	66¼	...	4.50	7.08
120	115¾	Treas 13¼pc 1997‡‡	118⅛	...	11.53	11.02
104½	97⅞	Exch 10½pc 1997	99½	...	10.73	10.80
92½	86⅞	Treas 8¾pc 1997‡‡	87⅞	...	10.09	10.62
134⅝	125¼	Exch. 15pc 1997	125¼xd	...	11.89	11.21
95½	93¾	Exch. 9¾pc 1998	93⅞	...	10.48	10.72
78	73½	Treas 6¾pc 1995-98‡‡	73½xd	...	9.15	10.34
138⅝	130½	Treas. 15½pc '98‡‡	131⅞	...	11.83	11.12
115	107⅛	Exch. 12pc 1998	107⅛xd	...	11.09	10.87
96	93	Treas 9½pc 1999‡‡	94¾	...	10.29	10.53
116¾	109⅛	Exch. 12¼pc 1999	110⅝	...	11.15	10.89

Over Fifteen Years

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
104½	97⅞	Treas. 10½pc 1999	97⅞xd	...	10.63	10.67
102½	96¼	Convers'n 10¼pc 1999	96¼xd	...	10.55	10.62
121½	117¼	Treas. 13pc 2000	119⅝	...	11.18	10.84
128½	119⅝	Treas. 14pc '98-01	119⅝xd	−⅛	11.58	11.05
113⅛	109¼	Exch. 12pc '99-02	111⅛	+⅛	11.08	10.85
98⅞	97⅝	Conv. 10pc 2002	97⅝	...	10.26	10.32
126¾	122⅞	Treas. 13¾pc 2000-03	124⅝	+⅛	11.32	10.90
114⅞	107⅞	Treas. 11½pc 2001-04	109	...	10.64	10.47
50	48⅝	Funding 3½pc '99-04	49	−⅛	7.278	9.20
123⅝	115½	Treas. 12½pc 2003-05	115½xd	...	10.72	10.49
87⅛	83	Treas. 8pc 2002-06‡‡	83½	...	9.61	9.87
115⅝	110⅞	Treas. 11¾pc 2003-07	113⅜	...	10.63	10.44
132⅛	124¼	Treas. 13½pc '04-08	125½	...	10.83	10.52
64⅞	60¼	Treas. 5½pc 2008-12‡‡	61⅝	...	9.01	9.47
84⅛	81⅞	Treas. 7¾pc 2012-15	82¾	...	9.57	9.69
124½	120¼	Exch. 12pc '13-'17	122½	...	10.14	10.05

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا اصل التحصيل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]								
175	135	♥Colby Res Corp	155	......	—	—	—	
955	740	Cons. Murch. 10c	870	......	100c	1.4	6.7	
£19¼	£15	Eastern Trns. Cns. 50c	£19¼	......	Q85c	4.9	2.1	
625p	550p	♥Echo Bay Mines	600	......	—	—	—	
252	203	Hampton Areas 10p	247	......	3.75	2.1	2.0	
205	170	♥Highwood Res	185	−5	—	—	—	
£24½	£19⅝	Homestake Mining $1	£21¼	+⅛	Q20c	—	0.7	
365	275	Northgate C$1	320	−5	—	—	—	
718	593	RTZ	665	+8	18.0	q2.6	3.9	
£155½	£130	Do 9½pcLn '95-2000	£149	+1	Q9½%	ϕ	16.5	
110	70	♥Sabina Inds C$1	82	......	—	—	—	
£11⅛	950	♥Tara Expln $1	£10⅝	+⅛	—	—	—	

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 163(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- $ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xcd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

			Fin. 13% 97/02	£92⅞	−½
Albany Inv 20p	83	......	Alliance Gas	70	......
Craig & Rose £1	900	......	Arnott	220	......
Finlay Pkg. 5p	54	......	CPI Hldgs	82	......
Higsons Brew	100	......	Carroll Inds.	119	+1
Holt (Jos) 25p	880	......	Hall (R. & H.)	58xd	−2
IoM Stm. £1	150	+3	Heiton Hldgs	18	......
			Irish Ropes	53	......
IRISH			Jacob (W.& R.)	65	......
Exch. 12% 1985	£98¾xd	......	TMG	50	......
Nat. 9¾% 84/89	£87⅞	−⅛	Unidare	70	......

OPTIONS — 3-month call rates

Industrials		*Hawker Sidd*	38	Vickers	14
Allied-Lyons	15	Hse of Fraser	26	Woolworth Hldg.	50
BOC Grp	27	ICI	42		
BSR	26	'Imps'	12	**Property**	
Babcock	17	ICL	7½	Brit Land.	11
Barclays Bank	45	Ladbroke	23	Cap Counties	16
Beecham	32	Legal & Gen.	45	Land Secs.	25
Blue Circle	40	Lex Service	40	MEPC	25
Boots	16	Lloyds Bank	50	Peachey	17
Bowaters	25	'Lots'	3	Samuel Props.	12
Brit Aerospace	20	Lucas Inds	18	Sterling Guar.	4
BAT	15	'Mams'	14		
Brown (J.)	3	Marks & Spcr.	20	**Oils**	
Burton Ord	22	Midland Bk.	36	Brit. Oil & Min.	9
Cadburys	11	NEI	10	Brit. Petroleum	35
Comm Union	16p	Nat West Bk	60	*Burmah Oil*	17
Courtaulds	11	*P & O Dfd*	25	Charterhall	9
Debenhams	14	Plessey	20	Premier	6
Distillers	22	Racal Elect	18	Shell	55
Dunlop	5	RHM	8	Tricentrol	20
FNFC	6¼	Rank Org Ord	24	Ultramar	60
Gen Accident	42	Reed Intnl	40		
Gen Electric	16	Sears	8	**Mines**	
Glaxo	70	TI	22		
Grand Met	30	Tesco	16	Charter Cons	24
GUS 'A'	55	Thorn EMI	55	Cons Gold	58
Guardian	50	Trust Houses	18	Lonrho	12
GKN	20	Turner Newall	10	Rio T Zinc	60
Hanson Tst	17p	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 37

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

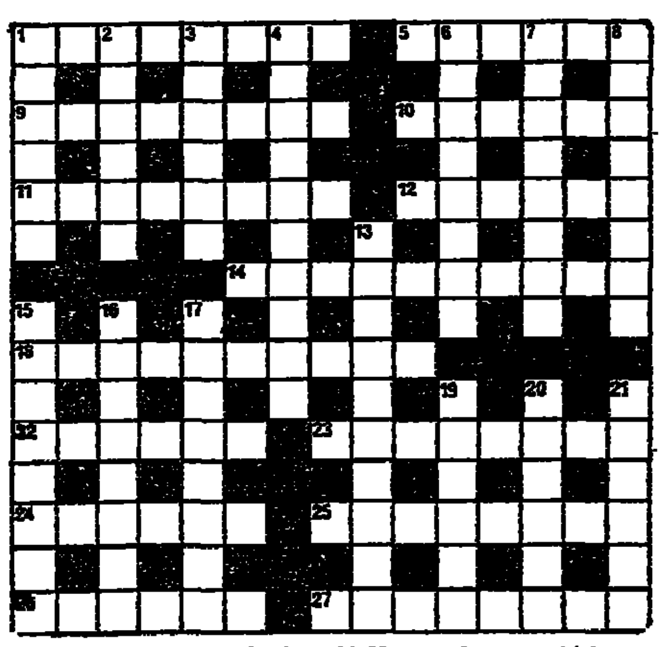
Insurances—continued

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,396



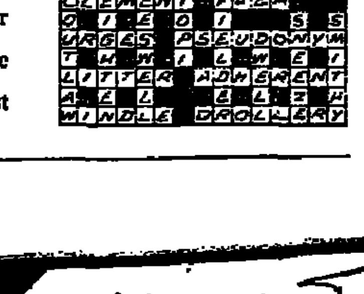
ACROSS

1 Not found in cheap sort of monument (8)
5 Fold when about to go in a box (6)
9 Subsequent amendment to riot rule (8)
10 Argue against attitude after work (6)
11 Hot food taken out (8)
12 Marsh gold in a large quantity (6)
14 Draw tart cooking in operation (10)
18 People are not doing anything for it (10)
22 Certainly in on the act (6)
23 Anything in doctor's doses (6)
24 Object in an attempt to be fashionable (6)
25 It's Sid's turn to experience an aversion (8)
26 Live here when he's left the team (6)
27 Infer bed should be moved as favour (8)

DOWN

1 Gracious! Is that what's left of the biscuits? (6)
2 Kind character (8)
3 Shield the sailor—understand? (6)
4 Covering Channel One, establish something fertile (10)
6 Blame the fish salesman first (8)
7 A pointless visionary having a fragrant smell (8)
8 Regular lay preachers take it (8)
13 Associate with free trains, perhaps (10)
15 At home, nurse goes round threatening (8)
16 Dr S. Dale's treatment for leather workers (8)
17 Was present for nurse a Mr Heath brought round (8)
19 Parking, say, behind the club (6)
20 Many hurry, being modest (6)
21 Mount dances which are different (6)

Solution to Puzzle No. 5,395



INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Ass.—Cont.

Income Accum	135.2	142.4	-0.9	—
Do. Initial	129.6	136.5	-0.8	—
Universal Tec Acc.	90.5	95.3	-0.7	—
Do. Initial	89.3	94.1	-0.6	—
Man. Pens. Accum	273.4	287.8	+0.2	—
Do. Initial	222.0	233.7		—
Gilt-Edg. Pens. Accum	221.8	233.5	-3.2	—
Do. Initial	173.0	182.2	-2.7	—
Money Pens. Accum	195.6	205.9	+0.3	—
Do. Initial	154.7	162.9	+0.1	—

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man Fd		259.71	....	—
Managed Inv. Fd.	173.99	183.15	....	—
Property Fd	154.00	162.11	....	—
Fixed Interest Fd	151.44	159.38	....	—
Cash Fd.	138.81	146.12	....	—
Income Fd	200.96	211.54	....	—
Extra Income Fd	189.93	199.93	....	—
Worldwide Growth Fd.	228.65	240.69	....	—
Balanced Fd	201.20	211.79	....	—
Smlr Co's & Recv. Fd	230.27	242.39	....	—
Int. Technology Fd	264.05	277.95	....	—
Nth. Amer. & Gen. Fd.	146.34	154.05	....	—
Energy Int. Fd.	111.19	117.05	....	—
Pacific Basin Fund	164.81	173.49	....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	122.0	128.4	....	—
Property	125.6	132.2	....	—
Equity	133.1	140.2	....	—
International	135.6	142.8	....	—
Fixed Interest	107.2	112.9	....	—
Deposit	102.1	107.5	....	—
Managed Pen. Cap.	121.7	128.1	....	—
Property Pens. Cap.	127.0	133.7	....	—
Equity Pens. Cap.	128.0	134.8	....	—
Intnl. Pens. Cap.	140.3	147.7	....	—
Fixed Int. Pens. Cap.	102.2	107.6	....	—
Deposit Pens. Cap.	98.6	103.8	....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth March 1		103.6	....	—
Retmt. Fed. April 6	296.3		+21.1	—
Managed Pen Fund	198.2	208.7	....	—
Property Pen Fund	116.0	122.1	—	—
Index Lnkd Pen Fund	111.5	117.4	....	—
Managed	129.9	136.8	-4.4	—
Property	106.8	112.5	+0.1	—
Gilt and Fixed Interest	108.5	114.3	-0.3	—
Index-Linked	97.2	102.4	-1.1	—
Equity	132.2	139.2	-0.4	—
Cash	107.8	113.5	+0.1	—
Midland Bk. Unit Tst.	130.4	137.3	....	—
Midland Bank Intnl.	151.5	159.5	....	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£43.12	—	-0.21	—
Property Units	£17.59	—	+0.02	—
Equity Bond/Exec	£27.83	29.45	-0.14	—
Prop. Bond/Exec.	£22.99	24.33	+0.03	—
Bal. Bd./Exec/Unit	£24.66	26.10	-0.03	—
2nd Equity Acc.	216.2	228.8	-0.9	—
2nd High Inc/Acc	180.3	190.8	+0.9	—
2nd Property Acc	175.0	185.2	+0.2	—
2nd Managed Acc.	178.4	188.8	-0.2	—
2nd Deposit Acc.	148.3	156.9	....	—
2nd Gilt Acc.	147.2	155.8	-0.3	—
2nd American Acc	166.0	175.7	+1.2	—
2nd Intl Money Acc	148.8	157.5	+0.1	—
2nd Index Acc.	98.5	104.2	+0.1	—
2nd Far East Acc.	111.2	117.7	+0.7	—
2nd Eq. Pens./Acc.	310.8	328.9	-1.7	—
2nd HI Inc Pens/Acc.	194.2	205.5	+1.1	—
2nd Pro. Pens/Acc	225.9	239.0	+0.2	—
2nd Mgd. Pens/Acc	230.9	244.3	-0.3	—
2nd Dep. Pens/Acc.	197.8	209.3	+0.1	—
Gilt Pens/Acc.	193.0	204.2	-0.5	—
2nd Am. Pens/Acc	226.6	239.8	+1.7	—
2nd Intl MoneyPens/Acc	184.7	195.4	+0.1	—
2nd Index Pens./Acc.	105.0	111.1	....	—
2nd Far East Pens/Acc.	113.2	119.8	+0.6	—
L & E S.I.F.	77.5	82.0	....	—
L & E S.I.F. 2	52.5	55.5	....	—

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	127.4	134.2	-0.4	—
GT Pln High Yld Fnd	136.8	144.0	-1.1	—
GT Plan Far East Fnd	140.1	147.5	-1.0	—
GT Plan N. Am Fd.	118.9	125.2	+1.1	—
GT Pln UK&G E. Fnd	158.5	166.9	-0.5	—
GT Pln Wrldwde Fnd.	150.2	158.2	-0.2	—
GT Pension Bnd Fnd.	139.3	146.7	-0.9	—
GT Pen High Yld Fd	158.	167.1	-1.3	—
GT Pen Far East Fd	176.7	186.1	-1.4	—
GT Pen N. Am. Fd.	169.0	177.9	+2.4	—
GT Pen UK & G.E. Fd	185.3	195.1	-0.6	—
GT Pen Worldwide Fd.	161.0	169.5	+0.5	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	173.6	182.8	....	—

General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		268.5	....	—
Portfolio Fd. Init.		217.5	....	—

Continued on adjacent Page

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	285.9	301.1	....	—
Money Fd	158.4	167.2	....	—
Equity Fd.	242.8	255.9	....	—
Fixed Int. Fd.	121.9	128.5	....	—
Property Fd	176.2	185.7	....	—
Managed Pen. Fd	281.9	297.0	+1.9	—
Equity Pension Fd	181.5	191.3	+1.1	—
Fixed Int. Pen. Fd	171.7	180.9	-2.8	—
High Yield Pen. Fd.	169.1	178.2	-1.8	—
Money Pension Fd.	133.1	140.1	+0.2	—
Property Pension Fd	129.9	136.9	....	—

Gresham/Framlington

American & Gen. Fd.	224.7	236.8	+1.8	—
Income Fd	220.2	232.0	-1.6	—
Int'l. Growth Fd	269.3	283.8	+0.9	—
Capital Fund	228.6	240.9	-0.3	—
Recovery Fund	167.4	176.4	-0.7	—
Japan & Gen Fd	105.7	111.4	-0.3	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	£1,536	—	....	—
Landbank Secs.	£0.6674	—	....	—
Landbank Secs. Acc.	189.2	194.1	....	—
G. & S. Super Fd	£11.5398	—	....	—

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7101

Guardian Assurance

Property Bonds	313.5	326.5	....	—

GRE Linked Assurance Ltd.

Managed Initial	233.3	245.6	-0.3	—
Do. Accum	261.9	275.7	-0.3	—
Equity Initial	301.8	317.4	-0.2	—
Do. Accum	338.8	356.4	-0.3	—
Fixed Int. Initial	197.0	207.4	+0.1	—
Do. Accum.	221.2	232.8	+0.1	—
Intnl. Initial	216.9	228.3	-1.0	—
Do. Accum	243.5	256.3	-1.1	—
North American Initial.	93.0	97.9	....	—
Do. Accum	95.0	100.0	....	—
Pacific Initial	118.0	124.2	-0.4	—
Do. Accum	119.4	125.7	-0.4	—
Index-Linked Gilt Init.	92.2	97.0	....	—
Do Accum	94.2	99.1	....	—
Property Initial	123.5	130.0	....	—
Do Accum	138.5	145.8	....	—
Deposit Initial	124.6	131.2	....	—
Deposit Accum.	139.9	147.3	....	—

GRE Pensions Management Ltd.

Pens. Managed Initial	235.8	248.2	-0.2	—
Pens. Managed Acc.	258.7	272.4	-0.1	—
Pens. Equity Initial	326.4	343.5	....	—
Pens. Equity Acc.	358.1	376.9	....	—
Pens. Fxd. Int. Initial	205.7	216.5	+0.2	—
Pens. Fixed Int. Acc.	225.7	237.6	+0.3	—
Pens. Int'l Initial	213.2	224.4	-0.6	—
Pens. Int'l. Acc.	233.9	246.2	-0.7	—

Continued on adjacent Page

OFFSHORE AND OVERSEAS

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong

Wardley Trust	$5.78	6.19	+0.07	1.21
Wardley Nddro As. Fd	$27.25	28.90	+0.27	5.19
Wardley Bond Trust	$10.82	11.40		8.16
Wardley Japan Trust	$34.02	36.07	+0.91	0.39
Wardley Prv Cap Tst	$10.01	10.60	-0.11	0.75

WestAven Secs (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey. 0481 27963

Gilt & Option Fd	£1.18	1.23		2.50
US $ Option	$0.84	0.89	.	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.87		-0.01	—

Inv. Adv. M & G Inv. Mngt. Ltd. London.

Wren Commodity Management Ltd.
10, St George's St., Douglas, IoM 0624 25015

Wren Com. Fund	22.1	23.0		—
Chinese Fund	61.8	64.4		—
Precious Metal Fund	138.1	143.7		—
Vanguard Cmdy Fd	34.6	35.5		—
Financial Futures Fd	64.3	67.0		—
Wren Intl. Fnd *	$0.700	0.729		-0.003

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ⊕ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Livingstone invited to 'humane' veal unit

By Richard Mooney

MR KEN LIVINGSTONE has been invited to visit a North London veal rearing unit in an effort to persuade him that a recent decision to ban veal from Greater London Council (GLC) restaurants was based on "myth and misinformation."

The invitation has been issued by Quantock Veal, part of the Volac Group, which claims to have "liberated the calf from the crate."

In a letter to the GLC leader, Mr Philip Paxman, managing director of the Volac Group, says he was "amazed" to hear that veal had been taken off the County Hall menu because of alleged ill-treatment of veal calves.

Mr Paxman claims veal rearing in Britain is now one of the most humane methods of livestock farming, thanks to the introduction of Quantock's loose-house "welfare" system.

Practically all British veal is raised under this system, he says, but "sadly, the majority of the British public does not know about the dramatic welfare turn-around.

"As the GLC has shown, the image of veal has not caught up with the new humane facts."

Quantock has nearly 100 farmers under contract rearing loose-house veal. Between them they account for 90-95 per cent of British production, the company claims.

The farm Mr Livingstone has been invited to visit is actually rented from the GLC, which has recently provided new buildings to expand veal production.

"To provide GLC buildings and rent farms for humane Quantock veal production on the one hand while banning veal from GLC tables on the other, does seem to show a lack of consistency in GLC policy," Mr Paxman says.

Letter outlining details of milk quota leaves a sour taste

John Cherrington talks to an anguished dairy farmer

MY DAIRY farmer friend *expected that the milk quota* would be nasty but he was shocked yesterday by the reality spelled out in a letter from the Milk Marketing Board.

It told him that his quota for the year beginning April was last year's output less 9 per cent. In addition, due to an increase in the co-responsibility levy the price he received per litre would be slightly reduced. By how much he wasn't sure.

He has a very good herd with a yield of more than 6,000 litres per cow and the quota would cost him more than £14,000 or £80 per cow in a full year, provided he kept his production at the same level as in the year just *ended*.

His immediate reaction is to cut production to quota level by reducing the amount of compound feed. But this isn't as simple as it sounds. A cow is not a machine turning out milk in direct relation to feed input.

Seasonal factors influence both feed quality and animal behaviour and—indirectly—milk production. The last *thing he wants to do is to cut* his output below the quota level.

He could reduce the number of cows, but at this time of the year they are not easily salable and having been in milk most of the winter are not as fit as they should be to make a good price for beef.

Most cows calve in the early autumn, but he has no idea what the trade for milking cows would be then and as his are already in calf he cannot fatten them for the butcher.

Like many herds, his is milked on an incentive basis at so much a litre produced. Will his herdsmen have to be induced to reduce the output of each cow by a sort of negative incentive scheme? *His* most likely response will be an arbitrary reduction in compound consumption and an increasing use of farm-grown forage which might avoid the superlevy leaving the numbers intact.

His alternative would be to reduce the herd by about 20 cows and their replacements. This would release 30 or 40 acres for cereal growing. He is fortunate in having an and the returns from this might go some way to meeting the loss in milk income.

He is much better placed than another farmer on a small acreage who reached peak production in 1981 and was unable to increase output further. His 1983 production has been cut by 9 per cent and he has no arable alternative to milk.

He would have been happy to have had a quota standard of 1981 plus 1 per cent as suggested by the EEC Commission.

The choice was not his, however.

Mr Jopling the Agriculture Minister, chose in his wisdom to go for the 1983 option, mainly because 72 per cent *of farmers had been expanding* production over the last three years.

He also chose to fix the quota on the basis of delivering to the dairy, which in Britain means the Milk Marketing Board. This meant that the superlevy would be 100 per cent as against 75 per cent for an on-farm quota.

This farmer is particularly bitter because it seems he cannot be classed as a case deserving special treatment. There are provision in the arrangements for farmers who failed to reach an acceptable level of production in 1983. These include disease, farmers increasing output as a result of community-funded grants and new farmers.

Funding for this comes from the superlevy, 2½ per cent of the 9 per cent being reserved for this purpose. The *milk board is also looking for* some flexibility by evening out supplies between farmers who are over and under producing.

The board emphasises that these arrangements are provisional. It is not yet known how producer retailers are going to be dealt with and the letter complains that there has been no time to get the scheme properly established.

Farmers are very angry. They attack both the NFU and the board for not warning them earlier of the possibility of quotas. There had, in fact, been plenty of warnings for at least six months from the EEC Commission, but they were seen as just another example of crying wolf. Now *they're wondering* who will be next for the chop.

Opposition to U.S. plan to sell silver

By Nancy Dunne in Washington

A PROVISION in House legislation calling for the sale of 10m ounces of siver next year from the U.S. National Defence stockpile will run into stiff opposition in the Senate even if it ultimately passes in the House.

The House armed services committee last week approved the sale to raise money for the purchase of new materials. The stockpile transactions funds is due to run out of cash next year unless the General Services Administration is allowed by Congress to sell excess materials to provide an infusion of new funding.

However, Senator Jim McClure, influential Idaho Republican, who has steadfastly fought off all attempts to sell Government silver, has said he "will take whatever steps are necessary" to block the disposal of stockpiled silver by auction.

The Administration is said to be ready to make some sort of proposal to sell silver next year. A report analysing silver disposals was required by Congress in 1982, but it was supressed by then Interior Secretary James Watt.

Unless such a report is released, no sales can be held according to a 1982 law. However, interior department officials are reportedly still unwilling to submit the report

Meanwhile, Senator McClure has received the backing of ten other Western Senators for legislation authorising the minting of coins from silver held in the stockpile. This disposal method, the Senator claims, would safeguard any disruption of the silver market.

He is pressing Mr William Clark, the Interior Secretary, and Mr David Stockman, director of the office of management and budget, to support his legislation.

Australian agriculture predictions

By Colin Chapman in Sydney

THE AUSTRALIAN Government's Bureau of Agricultural Economics forecast yesterday that the sharp improvement in the rural economy as a result of the end of the drought would come to an abrupt halt because of rising costs.

The bureau said that it expected that the value of rural output could slip by as much as 30 per cent next year.

But this *financial* year, ending on June 30, should have rural production rising by A$ 3.45bn to A$14.75bn with the increase largely accountable to the record grain crop of 21m tonnes.

Grain exports, and a solid performance by wool and sugar, is expected to push the value of rural exports up A$700m to A$8.08bn.

The National Farmers' Federation says most of its members are using the extra cash to repay huge loans taken out during the drought.

Counting sheep for dream holiday

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND farmers have the chance of a *free holiday* at Hawaii's plush Beach Fun Hotel if they simply carry out their normal farming activities and send their sheep or lambs to the processing works in the next few weeks.

The offer from Borthwicks indicates the severe drop in the number of animals being sent for processing in the first six months of this season.

At the halfway point in March, only 14.89m lambs had been sent for processing. At the same time last year 22.16m had been processed for export. Last year, New Zealand exported 35m lambs. The estimate for this year is 33m.

The good growing season, along with a drop in the national sheep and cattle herd means farmers are holding stock longer.

For the first six months of the season, the lamb kill was down 9 per cent and beef and veal down *33* per cent.

Borthwicks, faced with high overhead and labour costs, needs a continuing flow of stock to keep operations viable.

To encourage farmers to move their animals to the freezing works it has launched a type of promotion more usually associated with consumers.

A flood of TV advertisements *show the attractions of* a Hawaiian holiday, from bikini-clad sun worshippers to exotic night life. To enjoy all this free the farmer has only to pick up the telephone and offer some of his stock for sale.

Despite this encouragement exports of New Zealand meat will be well down this season with less lamb, mutton, beef and veal being processed.

Lamb exports for the season ending next September are estimated at 438,000 tonnes compared with 463,500 tonnes last year, and mutton exports at *123,000 tonnes* compared with 134,000 tonnes.

A drop of 13.5 per cent is expected for beef and veal exports, 8.8 per cent for mutton and 5.5 per cent for lamb. However, meat export shipment this year will still be higher than those in the 1982 season.

This year, world demand and price for mutton has fallen so drastically that the economics of mutton production are now regarded by the meat industry as totally unsatisfactory. The New Zealand Meat Board is carrying out a major study of mutton production, transport costs and sales.

Without a price smoothing scheme operated by the board, which maintains farmers' incomes, New Zealand farmers would be losing $3.50 for every mutton sheep sent for processing.

World sugar estimate increased

F.O. LICHT, the West German sugar statistics organisation, has increased its estimate of 1983/84 world sugar production by 1.07m tonnes. It now puts production at 96,208,000 tonnes (raw value) up from 95,137,000 tonnes estimated in January, and a final 1982/83 figure of 101,543,000 tonnes.

Total 1983/84 beet sugar production is forecast at 35,520,000 tonnes, against 37,870,000 in the previous crop year, and cane sugar at 60,688,000 tonnes, compared with 63,673,000.

The increase reflects higher forecasts for the Soviet Union, Cuba, China and Thailand.

Soviet production is put at 8.7m against 7.4m in 1982/83, with Cuba's at 7.7m against 7.2m tonnes.

On the London futures market yesterday the August position ended $3.50 down at $174.30 a tonne reflecting continued lack of physical demand in a well supplied market.

Coffee futures continue to recover

By Our Commodities Staff

THE RECOVERY in London coffee futures values continued yesterday with the July quotation ending £30.50 up on the day at £2,060.50 a tonne.

The July price has now increased £73 in three trading days following last week's setback, which was influenced by the International Coffee Organisation's decision to bring forward 1m bags (60 kilos each) of the July/September export quota into the current quarter in an attempt to ease the shortage of supplies available for nearby delivery.

The ICO confirmed yesterday that the increase in April/June export quotas had already come into effect.

It said the only parts of the quarterly quota not immediately available were the two tranches of 1m bags which are withheld until the middle of May and June respectively in case falling prices trigger a quota cut.

PRICE CHANGES

In tonnes unless stated otherwise	Apr. 17 1984	+ or —	Month ago
Metals			
Aluminium	£1100	....	£1100
Free Mkt	$1410-1440	....	$1475/150
Copper			
Cash h Grade	£1089	+6.75	£1045
3 mths	£1103.25	+8	£1060.25
Cash Cathode	£1088.75	+9.25	£1046
3 mths	£1095	+7.75	£1054
Gold troy oz.	$380.25	—0.25	$393
Lead Cash	£327.5	—2.5	£318
3 mths	£334.25	—2.5	£323.37
Nickel	£4896	....	£4836
Free Mkt	217/257c	....	215/255c
Palladium oz.	$158.75	+0.75	$159.00
Platinum oz.	£273.75	+1.25	£276.80
Quicksilver†	$313-318	+1.5	$305-310
Silver troy oz	644.75p	+2.55	662.75p
3 mths	658.40p	+2.35	676.50p
Tin cash	£8768	+5.5	£8447.5
3 months	£8772.5	....	£8595
Tungsten	$77.75	....	$76.35
Wolfram 22.04lb	$84/88	....	$86/90
Zinc	£705.5	+7	£712
3mths	£698.75	+6.5	£695.5
Producers	$1060/1,009	....	$1060

	Apr. 17 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1150v	+10	$1185
Groundnut	$1165w	....	‡
Linseed Crude	‡	....	‡
Palm Malayan	$770z	+10	‡
Seeds			
Copra Phil.	$720v	+15	$770
Soyabean (U.S.)	$315v	—0.25	$320.5
Grains			
Barley Fut.Sep.	£106.95	+0.10	£122.5
Maize	£148.75	+1.25	£147.50
Wheat Fut.Jly.	£129.30	+1.05	£126.50
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1852	+5	£1888
Futures Jly	£1802.5	—0.5	£1842.5
Coffee Ft. Jly	£2069.5	+30.5	£1937
Cotton A index	88.30c	—0.3	88.60c
Gas Oil May	$244	—1.5	$244.5
Rubber (kilo)	76p	—1	79p
Sugar (raw)	$110vz	—3.5	$116.5
Woolt'ps 64s	470p kilo	....	478pkil

‡ Unquoted. v May. z June. v April-May. w May-June. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

A very quiet morning followed a slightly weaker opening. Directionless physicals offered no influence and the market hardly moved until a weak New York pushed prices to the lows, where they remained until the close, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.40-28.45	—
Iranian Light	27.80	—.02
Arab Heavy	26.85-26.90	—.03
North Sea (Forties)	29.95-30.15	—.02
North Sea (Brent)	29.90-30.20	—.02
African Bonny Lt'ht	30.10-30.12	—.01

Turnover: 860 (460) lots of 100 tonnes.

PRODUCTS—North West Europe ($ per tonne)

Premium gasoline	276-279	—1
Gas Oil	250-253	—1
Heavy fuel oil	183-185	—

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
April	248.75	—	249.00-248.5
May	244.00	—1.50	246.00-244.0
June	242.75	—1.00	243.75-242.7
July	242.75	—1.00	243.50-242.7
Aug.	245.00	—	245.75-245.0
Sept	247.50	—	248.00-247.5
Oct	249.00	—1.00	249.00
Nov	250.50	—2.50	—
Dec	255.00	+0.25	255.00

Turnover: 579 lots of 100 tonnes.

GOLD MARKETS

Gold fell slightly in very quiet trading on the London bullion market. It closed at $380-380½, a fall of $½ on the day, after opening at the same level, and trading within a narrow range of $379¾-380¼ to $380¼-380¾. The metal was fixed at $380.30 in the morning, and $380.20 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 99,250 per kilo ($380.28 per ounce) in the afternoon, compared with FFr 99,250 ($380.62) in the morning, and FFr 99,100 ($379.87) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,300 per kilo ($381.26 per ounce), against DM 32,280 ($381) previously, and closed at $380-380½, compared with $379½-380.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $380.35 per ounce, against $379.50 on Monday.

In Zurich gold finished at $380-380½, compared with $379½-380.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
April	380.00-81.00	+0.25	—
June	385.20-85.50	+0.50	385.50-85.00
Aug	391.70-92.10	+0.40	—
Oct	398.60-98.90	+1.15	—
Dec	405.50-06.00	+1.15	—
Feb	412.50-13.00	+1.20	—

Turnover: 147 lots of 100 troy ounces.

	Apr. 17		Apr. 16	
Gold Bullion (fine ounce)				
Close	$380-380½	(£267½-267¾)	$380¼-380¾	(£267½-268)
Opening	$380-380½	(£267-267½)	$379½-380	(£266½-267)
Morning fixing	$380.30	(£267.196)	$380.00	(£266.573)
Afternoon fixing	$380.20	(£267.257)	$380.10	(£267.074)

Gold and Platinum Coins Apr. 17

Krugrnd	$392-392¾	(£276-276½)	King Sov	$94½-96	(£66½-67½)
½ Krug.	$202-203	(£142¼-142¾)	Victoria Sov	$94½-96	(£66½-67½)
¼ Krug.	$103¼-104	(£72½-73¼)	French 20s	$75¾-82¼	(£53¼-58)
1/10 Krug.	$42¼-43	(£29¾-30¼)	50 Pesos Mex	$468-474½	(£329½-334)
Mapleleaf	$389¼-390½	(£274¼-274¾)	100 Cor Aust	$368-374	(£259-263¼)
New Sov.	$89½-90¼	(£63-63½)	$20 Eagles	$620-640	(£436½-450½)
½ New Sov.	$53¾-54½	(£37¾-38¼)	Noble (Plat.)	$400½-404¾	(£281¾-284¾)

EUROPEAN MARKETS

ROTTERDAM, April 17.

Wheat—(U.S. $ per tonne): U.S. two soft red winter May 170, mid-June/mid-July 154, Aug 152. U.S. two northern spring 14 per cent protein April/May 187.50, May 185.25, June 182, July 181.50, Aug 177.50, Sept 175.50, Oct 178, Nov 180. U.S. three hard amber durum April/May 190, June 190, July 188, Aug 186, Sept 182, Oct 183, Nov 185. Canadian one western amber durum April/May 203, June 203, Nov 200.

Maize — (U.S. $ per tonne): U.S. Three Yellow afloat cif Ghent 165.50, April 164, May 162, June 162.50, July/Sept 159, Oct/Dec 139 sellers. Argentine Plate afloat 171, April 165, May 165, June 164, July 165 sellers.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 574.5, 574.9, 575.0-574.6; July 585.0, 589.0, 589.5-588.0; Oct 574.0, 575.0, untraded; Dec 582.5, 582.5, 582.5-581.0; March 590.0, 591.5, untraded; May 601.0, 602.5, untraded; July 612.0, 618.0, untraded; Oct 605.0, 615.0, untraded. Sales: 66.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 417, 425, 419; Aug 439, 442, 440-438; Oct 442, 443, 443-441; Dec 450, 452, 452-449; Jan 451, 452, 451-450; March 460, 462, 461-460; May 469, 482, 470-469; Aug 480, 483, 482; Oct 484, 485, 485. Sales: 78.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were generally firmer on the London Metal Exchange. Copper moved up to £1,106 before closing at £1,104, boosted by a bullish report by the Bank of America, while Zinc responded to computer buying and advanced to close the late kerb at £702.5. Lead, however, eased to £334, prior to closing at £336 owing to Commission House selling. Buffer stock support sustained Tin: forward standard material was finally £8,772.5 while forward High Grade metal closed at £8,825.

COPPER

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at Cash £1089.50, three months £1104, 04.50, 04, 03.50, 04. Cathodes: Three months £1097. Kerb: Higher Grade: Three months £1104, 03.50, 04. Afternoon: Higher Grade: Three months £1102.50, 02, 04, 03.50, 03, 03.50, 04, 03.50. Cathodes: Cash £1089. Kerb: Higher Grade: Three months £1105, 05.5, 06, 06.5, 06, 05.5, 05, 04.5, 05. Turnover: 25,700 tonnes. U.S. Producers: 74-78 cents per pound.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
HighGrde	£	£	£	£
Cash	1089-.5	+1.5	1088.5-9.5	+6.75
3 months	1103.5-4	+3.5	1103-.5	+8
Settlem't	1089.5	+1.5	—	—
Cathodes				
Cash	1088-9	+6.75	1088.5-9	+9.25
3 months	1097-8	+6.5	1094-6	+7.75
Settlem't	1089	+7	—	—

TIN

Tin—Morning: Standard: Cash £8755, 52, three months £8775, 70, 67, 68. High Grade: Cash £8810, 8730. Kerb: Standard: Three months £8770. High Grade: Three months £8805, 10. Afternoon: Standard: Cash £8765, three months £8770, 75, 73. High Grade: Three months £8815, 10, 22. Kerb: High Grade: Three months £8830, 25. Turnover: 2,285 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8790-2	—5.5	8820-5	+27.5
3 months	8800-10	+28	8820-2	+28
Settlem't	8793	+18	—	......
Standard				
Cash	8750-2	—56.5	8766-70	+5.5
3 months	8767-8	+5	8771-4	
Settlem't	8752	—8	—	
Straits E.	$29.15	—	—	

LEAD

Lead—Morning: Cash £330, 30.50, three months £336, 36.50, 37, 38, 37.50, 37. Kerb: Three months 337.50. Afternoon: Three months £337, 36, 35.50, 35, 34.50, 34, 34.50. Kerb: Three months £336, 37, 38. Turnover: 14,850 tonnes. *U.S. Spot: 26-28 cents per pound.*

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	330-.5	—5	327-8	—2.5
3 months	337.25-.5	—1.87	334-.5	—2.50
Settlem't	330.5-3	—5	—	

ZINC

Zinc—Morning: Cash £706.50, three months £694, 93, 94, 95, 96, 97, 97.50, 98, 99. Kerb: Three months £698, 97, 96, 96.50, 96. Afternoon: Three months £695, 96, 99, 98.50. Kerb: Three months £699, 700, 01, 01.5, 02, 03, 02.5, 03. Turnover: 25,825 tonnes. U.S. Prime Western: 53-53.75 cents per pound.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	706-.5	—6	705-6	+7
3months	698-9	+3.75	698.5-9	+6.5
Settlem't	706.5	—6	—	—

ALUMINIUM

Aluminium—Morning: Cash £940.50, three months £958, 59, 60, 59, 58, 59, 60. Kerb: Three months £960, 61, 62, 63, 64. Afternoon: Three months £965, 66, 67, 68, 65, 64.5, 64, 64.5. Kerb: Three months £965, 66, 67, 66, 65.5, 66. Turnover: 27,975 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	940.5-1	+10.5	944.5-5.5	+3.5
3 months	960-.5	+10	964-.5	+9.5

NICKEL

Nickel—Morning: Three months £3535, 40, 35, 30, 25, 28. Kerb: Three months £3525. Afternoon: Three months £3530, 35, 40, 43, 45, 48. Kerb: Three months £3550, 55, 51, 53. Turnover: 4,425 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3452-5	+9.5	3467-72	+9.5
3 months	3528-9	+6	3546-8	+11.5

SILVER

Silver was fixed 2.55p an ounce higher for spot delivery in the London bullion market yesterday at 644.75p. U.S. equivalents of the fixing levels were: spot $9.175, up 3c; three-month $9.419, up 2.9c; six-month $9.678, up 2.8c; and 12-month $10.215, up 2.8c. The metal opened at 644-647p ($9.16-$9.19) and closed at 645p-648p ($9.17-$9.20).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffial	+ or —
Spot	644.75p	+2.55	646.5p	+3
3 months	658.40p	+2.35	669.25p	+1.75
6 months	672.95p	+2.45	—	......
12months	701.95p	+2.45	—	......

LME—Silver (2,000 oz contract): Cash 646.5p (643.5p); three months 659.25p (657.5p). Turnover: 0 (0).

Turnover 43 (51) lots of 10,000 ozs. Morning: Large three months 659.5, 60.0, 59.0. Kerb: untraded. Afternoon: large three months 658, 62. Kerb: three months 661.

WEEKLY METALS

All prices as suplied by Metal Bulletin.

ANTIMONY: European free market, 99.5 per cent, $ per tonne, in warehouse 3,300-3,400.

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse 2.60-2.70.

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse, ingots 1.70-1.74, sticks 1.70-1.75.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse 11.20-11.40.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 313-318.

MOLYBDENUM: European free market, drummed molbdic oxide, $ per pound Mo, in warehouse 3.95-4.05.

SELENIUM: European free market, min 99.5 per cent, $ per pound, in warehouse 10.50-12.20.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif 84-87.

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per pound V_2O_5, cif 2.45-2.50.

Producer list price for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam 1,750.

BISMUTH: UK, MCP-Peko, 99.99 per cent, $ per pound, tonne lots, ex-warehouse 2.75.

COBALT: World, Zaire: Sozacom, $ per pound 12.50.

NICKEL: World, Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per pound U_3O_8 17.50.

VANADIUM: Highveld fused min 98 per cent V_2O_5, $ per pound V_2O_5, cif 2.30.

ZINC: GOB producer basis, $ per tonne 1,090.

COCOA

Futures traded within a narrow range and closed at levels almost unchanged from those of Monday. Physicals again failed to attract either producers or consumers and even second-hand business was minimal, *reports Gill and Duffus.*

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1790-92	+4.5	1795-87
July	1802-03	—0.5	1811-95
Sept	1797-99	—0.5	1804-90
Dec	1751-53	—6.5	1762-51
March	1735-39	—6.5	1745-40
May	1730-40	—10.0	1744-38
July	1735-50	—2.5	—

Sales: 4,055 (3,026) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily prices for April 16: 113.86 (114.63); five-day average for April 17: 113.41 (113.18).

COFFEE

Heavy switch trading was the dominant feature of an active day, reports Drexel, Burnham, Lambert. A narrowing of the major switch differentials prompted very good dealer and commission house participation in nearby spreads. New contract highs *were again established in all positions* bar near May and values remained on a steady note through to the close.

COFFEE	Yesterd'ys Close	+ or —	Business Done
May	2083-85	+32.0	2090-70
July	2069-70	+30.5	2073-55
Sept	2047-48	+23.0	2049-37
Dec	2024-25	+17.0	2034-20
January	1980-82	+9.6	1985-82
March	1915-20	+7.5	1925-15
May	1865-75	+7.5	1880-75

Sales: 7,605 (6,256) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) fob April 16: Comp. daily 1979 142.68 (142.30); 15-day average 143.90 (143.96).

GRAINS

Business done—Wheat: May 127.65-126.40, July 129.30-128.00, Sept 108.90-108.80, Nov 111.95-111.80, Jan 114.85-114.80, March 117.70-117.60. Sales: 239 lots of 100 tonnes. Barley: May 121.00-120.00, Sept 107.10-106.95, Nov 109.90 only, Jan 112.85 only, March 115.85-115.70. Sales: 193 lots of 100 tonnes.

Old crops found strong shipper buying support at opening levels and advanced throughout the day to close at the highs. New crops were mixed, closing just off the highs, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd's close	+ or —
May	127.65	+1.00	120.90	+1.00
July	129.30	+1.05	—	—
Sept	108.90	+0.10	106.95	+0.10
Nov	111.90	+0.10	109.95	+0.20
Jan	114.85	—0.05	112.95	+0.20
Mar	117.60	—	115.70	+0.15

HGCA—Locational ex-farm spot prices. Feed barley: S. East 121.90, S. West 122.60, W. Mids 121.80, N. West 122.60. The UK monetary coefficient for the week beginning Monday April 21 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent June 139, July 137.50, Aug 135.50 sellers transhipment East Coast. English feed fob April 129.50, May 130, June 130.50 sellers. Maize: U.S. No. 3 Yellow/French April 148.75, May 149.25 sellers East Coast. Barley: English feed fob May 125.25. Rest unquoted.

PIGMEAT

The market continued Monday's easier trend initially but pre-holiday short-covering created steadier conditions in the later stages, reports CCST Commodities.

Month	Yesterdays *close*	Previous *close*	Business *done*
	p. per kilo (deadweight)		
June	118.0	117.3	118.6-116.8
Aug	115.0	114.1	115.0-114.4
Oct	119.2	118.7	119.2-118.7
Nov	119.5	118.7	119.7-119.0
Feb	116.9	116.8	117.1-116.8
April	116.9	117.0	117.1-117.0

Sales: 120 (188) lots of 50 carcases 2,250 kilos.

POTATOES

The market reacted to the last nine days' continued drop with some profit-*taking backed by a slight rise in* physical prices, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Busines Done
	£ per tonne		
April	199.50	191.50	192.8-190.0
May	206.90	202.80	209.8-209.0
Nov	64.80	65.00	66.00-64.50
Feb	75.00	76.80	—
April	85.40	86.80	87.50-85.00

Sales: 1,085 (1,393) lots of 40 tonnes.

RUBBER

The London physical market opened slightly lower, drifted throughout the day and closed on a quiet but easier note, reports Lewis and Peat. The Kuala Lumpur May fob prices for RSS No. 1 was 250.5 (252.25) cents a kg and for SMR 20 was 27.0 (228.5).

No. 1 R.S.S.	Yesterdy's close	Previous close	Business Done
	£ per tonne		
May	748-780	790-790	—
June	760-785	755-790	—
Jly-Sept	791-792	802-804	802-792
Oct-Dec	820-822	830-832	828-820
JanMch	841-842	851-853	845-841
Apl-Jne	862-864	869-874	—
Jly-Sept	880-885	894-895	—
Oct-Dec	895-905	899-917	—

Sales: 91 (22) lots of 15 tonnes, 0 (0) lots of 5 tonnes.

Physical closing prices (buyers): Spot 76.00p (77.00p); May 80.50p (81.00p); June 80.50p (81.50p).

SOYABEAN MEAL

The market opened unchanged in thin volume, reports T. G. Roddick. Late commission house interest supported prices.

Sales: 77 (22) lots of 100 tonnes.

	Yestday's close	+ or —	Business Done
	£ per tonne		
April	—	—	—
June	152.50-52.90	+0.30	157.00-52.40
August	155.80-56.00	+0.38	155.50
October	156.00-58.30	+0.60	158.00-57.50
Dec	160.50-60.60	+0.55	160.20-60.50

Rotterdam Soyabeans — (U.S.$ per tonne): U.S. Two Yellow Gulfports April 309, May 308, June 310, July 311.50, Aug 311.50, Sept 301, Oct 280.55, Nov 280.35, Dec 282.75, Jan 286.40, Feb 290.80 sellers.

INDICES

FINANCIAL TIMES

Apr. 16	Apr. 15	M'th ago	Year ago
305.73	306.37	303.00	270.39

(Base: July 1 1952=100)

REUTERS

Apr. 17	Apr. 16	M'th ago	Year ago
2004.0	2006.2	1995.0	1751.5

(Base: September 18 1931=100)

MOODY'S

Apr. 16	Apr. 13	M'th ago	Year ago
1071.2	1077.5	1071.5	1045.2

(Base: December 31 1931=100)

DOW JONES

Dow Jones	Apr. 16	Apr. 13	Month ago	Year ago
Spot	140.23	140.94	142.37	142.33
Fut's	142.12	142.98	145.42	148.67

(Base: December 31 1974=100)

Rotterdam Soyameal — (U.S.$ per tonne): 44 per cent unloading 219, afloat 215, April 214.50, May 214.50, April/Sept 220, May/Sept 220, Nov/March 227 sellers. Pellets Brazil afloat 225, April 222, May 219, June 225, July 225, April/Sept 225, May/Sept 225, Oct/Dec 234.50 sellers. Pellets Argentine afloat 224, May 219, June 224, May/Sept 234 sellers.

SUGAR

No. 4 Contract	*Yestday's close*	*Previous close*	*Business done*
	£ per tonne		
May	—	115.50-115.85	16.00-115.50-14.00

No. 6 Contract	$ per tonne		
May	161.80-62.00	164.60-64.80	165.00-61.80
Aug.	174.20-74.40	177.60-78.00	178.00-74.00
Oct	185.60-85.80	189.00-89.20	189.00-85.20
Dec.	192.80-93.20	196.60-97.00	199.00-92.80
Mar.	212.80-12.80	216.00-16.40	216.20-12.40
May	220.20-20.40	222.20-24.40	22.800-20.40
Aug	228.00-30.00	231.00-35.00	232.20

Sales: No. 4 55 (178); No. 6 2,565 (1,532) lots of 50 tonnes.

LONDON DAILY PRICE—Raw sugar £110.00 ($157.50), down £3.50 a tonne fob April-May-June delivery. White sugar $170.00, down $3.50.

Reports that Egypt had purchased 34,000 tonnes of whites for May/June at low prices put the market on the defensive again, reports C. Czarnikow.

Tate and Lyle delivery price for granulated basis sugar was £216.75 (same) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for April 16: Daily price 5.85 (6.07); 15-day average 6.21 (6.25).

Sugar—(FFr per tonne): Aug 1440/1444, Oct 1538/1542, Dec 1640/1645, Mar 1800/1803, May 1890/1895, Aug 1960/1980.

Cocoa—(FFr per 100 kg): May 2060/2064, July 2070 bid, Sept 2135/2145, Dec 2070/2074, Mar 2070 bid, May 2085 bid, July 2090 bid.

COTTON

LIVERPOOL—No spot or shipment sales were registered. Business was at minimal levels and few contracts were mentioned. The volume of interest on forward account was severely restricted. Minor purchases were sought in specialist growths.

AMERICAN MARKETS

NEW YORK, April 16

Heating oil prices advanced moderately on trade support in face of unseasonally cool weather and exceptionally low spot inventories, reports Heinold Commodities. Precious metals were under moderate pressure as the negative physchology of the financial markets attracted selling in gold and silver. Copper prices were moderately higher in response to a stock reduction of some 27,000 tonnes on the LME and a further cut in Comex stocks. Aluminium was sharply lower on heavy arbitrage activity off weak sterling. Sugar finished moderately lower on long liquidation due to weak technical and fundamental indications. Cotton held firm on reports of weather damage in Argentina and strong demand in the cash position

BECAUSE of the change in time differences between Britain and the U.S. we are unable to carry yesterdays U.S. prices in this edition.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
April	63.00	—	—	63.90
May	63.20	63.50	62.50	64.10
June	63.50	—	—	64.65
July	64.15	64.35	63.00	65.05
Sept	65.25	65.10	64.80	66.10
Dec	66.90	67.00	66.45	67.75
Jan	67.45	67.00	67.00	68.30
March	68.55	—	—	69.40
May	69.65	—	—	70.50
July	70.75	—	—	71.60

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	2408	2430	2402	2408
July	2451	2478	2447	2458
Sept	2458	2478	2453	2469
Dec	2405	2420	2405	2420
March	2395	2395	2395	2405
May	2405	2410	2400	2410
July	2405	—	—	2410

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
May	149.47	49.50	47.00	47.15
July	143.72	43.75	40.75	41.50
Sept	141.50	41.50	38.55	39.25
Dec	138.28	38.25	36.00	36.25
March	136.01	36.61	34.00	33.75
May	134.00	34.00	32.00	32.50
July	133.00	33.08	31.50	32.00
Sept	130.75	29.00	29.00	29.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
April	69.10	—	—	68.90
May	69.35	69.55	68.75	69.10
June	70.05	—	—	69.90
July	70.75	70.90	70.15	70.50
Sept	72.10	72.30	71.50	71.85
Dec	74.10	74.30	73.50	73.85
Jan	74.75	—	—	74.50
March	76.10	76.30	76.15	75.85
May	77.50	77.50	77.50	77.20
July	78.85	—	—	78.55

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
May	78.48	78.75	77.90	78.25
July	78.42	78.68	77.90	77.92
Oct	76.06	76.10	75.59	75.49
Dec	74.22	74.30	73.80	73.71
March	75.50	75.65	75.25	74.90
May	76.30	—	—	75.80
July	76.50	—	—	76.00

CRUDE OIL (LIGHT) 42,000 U.S. gallons $/barrels

	Close	High	Low	Prev
May	30.64	30.76	30.63	30.68
June	30.59	30.66	30.58	30.60
July	30.53	30.62	30.51	30.54
August	30.48	30.56	30.46	30.47
Sept	30.44	30.47	30.45	30.43
Oct	30.41	—	—	30.39
Nov	30.38	30.40	30.40	30.35
Dec	30.36	30.40	30.38	30.32
Jan	30.38	30.40	30.40	30.32

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
April	379.6	380.4	379.3	382.0
May	381.5	—	—	384.0
June	384.5	385.8	384.1	387.0
August	391.3	392.3	391.0	393.8
Oct	398.7	400.0	398.3	401.2
Dec	406.3	407.0	405.7	408.7
Feb	414.4	415.0	414.3	416.8
April	422.4	422.4	422.0	424.8
June	430.9	431.8	431.8	433.3
August	439.7	—	—	442.0
Oct	448.5	—	—	450.8
Dec	457.6	—	—	459.8
Feb	488.9	—	—	469.1

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
May	80.04	80.15	79.20	79.21
June	78.01	78.25	77.85	77.70
July	77.77	78.50	77.65	77.43
August	78.70	79.20	78.55	78.50
Sept	79.70	80.15	79.70	78.50
Oct	80.65	81.15	80.90	80.50
Nov	81.60	—	—	81.80
Dec	82.55	—	—	82.50
Feb	84.00	—	—	84.00

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	181.25	82.00	79.50	79.90
July	180.45	81.00	77.75	78.25
Sept	178.50	79.00	78.50	76.45
Nov	176.00	76.25	74.50	74.00
Jan	173.50	73.90	71.90	71.90
March	177.50	71.75	71.15	71.00
May	172.00	72.00	72.00	70.25
Sept	171.50	—	—	70.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
April	388.8	390.0	389.2	391.6
May	394.0	—	—	—
June	394.9	397.7	397.7	—
July	397.9	399.0	396.0	400.7
Oct	405.9	408.5	405.0	408.8
Jan	413.9	415.0	413.0	416.5
April	422.0	422.5	421.0	424.6
July	430.2	431.0	431.0	432.8

SPOT PRICES—Chicago loose lard 28.50 (29.00) cents per pound. New York tin 580.0-84.0 (580.5-85.0) cents per pound.

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
April	917.6	915.0	915.0	925.5
May	921.0	924.0	910.9	929.0
June	929.7	926.0	926.0	937.7
July	938.2	940.0	928.0	946.2
Sept	955.7	957.0	946.0	963.7
Dec	982.5	984.0	973.0	990.5
Jan	991.6	—	—	999.6
March	1010.7	1010.0	1004.0	1018.7
May	1030.5	1034.0	1024.0	1038.5
July	1051.3	1045.0	1042.0	1059.3

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
May	6.08	6.22	6.05	6.21
July	6.50	6.68	6.48	6.70
Sept	6.91	7.10	6.91	7.08
Oct	7.17	7.35	7.15	7.36
Jan	7.85	8.13	7.85	8.13
March	8.41	8.61	8.39	8.60
May	8.75	8.93	8.72	8.94
July	9.10	9.21	9.10	9.25
Sept	9.38	9.60	9.51	9.60

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	70.50	70.85	69.87	70.35
June	67.35	67.40	66.87	67.05
August	64.00	64.30	63.85	64.20
Oct	62.62	62.92	62.60	62.87
Dec	63.65	63.85	63.55	63.75
Feb	63.62	63.80	63.55	63.75

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
April	49.57	49.67	49.30	49.67
June	56.40	56.45	55.67	56.00
July	58.82	58.95	58.40	58.75
August	58.62	58.87	58.45	58.75
Oct	55.66	55.75	55.35	55.66
Dec	55.92	56.00	55.65	56.00
Feb	54.45	54.75	54.22	54.42
April	52.00	52.00	51.75	51.90
June	53.50	53.80	53.25	53.45

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
May	352.6	353.6	351.4	354.2
July	350.2	351.6	349.4	351.6
Sept	318.6	319.8	318.2	320.2
Dec	297.6	299.5	297.4	300.0
March	306.4	307.6	306.4	308.4
May	310.2	311.2	310.0	311.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
May	70.37	70.70	69.52	70.15
July	70.75	70.97	69.80	70.22
August	69.15	69.40	68.05	68.37
Feb	76.97	77.35	76.40	76.80
March	75.85	76.15	75.50	75.85
May	77.40	77.40	76.75	77.10
July	78.47	78.47	77.75	78.27
August	76.40	76.40	76.25	76.75

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	772.0	775.0	768.0	773.4
July	781.6	784.4	775.4	783.2
August	774.2	776.0	769.4	776.4
Sept	741.0	742.0	738.0	742.2
Nov	715.0	716.0	712.0	716.0
Jan	726.4	727.0	723.4	728.0
March	739.4	738.4	736.0	740.0
May	746.4	747.0	745.0	749.0
July	751.4	751.4	750.0	754.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	190.3	192.2	190.1	192.8
July	195.7	197.5	195.3	197.9
August	197.3	199.0	197.0	199.4
Sept	196.5	198.5	196.0	198.5
Oct	192.5	193.0	192.0	193.5
Dec	194.7	196.0	194.5	196.2
Jan	196.0	198.0	196.0	197.5
March	200.8	—	—	202.5
May	204.5	—	—	205.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
May	30.32	30.95	30.20	30.51
July	37.78	30.80	30.00	30.39
August	29.75	29.85	29.10	29.38
Sept	28.63	28.70	28.15	28.40
Oct	27.20	27.20	26.75	27.02
Dec	26.12	26.15	25.85	26.08
Jan	25.73	25.88	25.70	25.85
March	25.87	—	—	25.80

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	368.8	373.6	366.0	372.6
July	349.5	353.4	348.4	353.0
Sept	350.4	353.0	349.2	352.2
Dec	364.4	367.0	362.6	366.0
March	374.2	375.0	373.0	374.4
May	377.0	377.4	375.4	377.0

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar edges firmer

The dollar was firmer in currency markets yesterday. Trading volume was on the low side ahead of the long Easter weekend. News of a 26.6 per cent drop in U.S. housing starts failed to have a depressing effect, partly because of its previous record of carrying seasonal distortions, highlighted in the latest set of figures which reflected recent bad weather in the U.S.

The market's overriding concern was with the performance of U.S. interest rates and recent economic indicators have failed to sway market fears of a possible tightening in Federal policy in order to contain inflationary pressures. There was little incentive to run short on dollars with Federal funds trading at 10 7/16 per cent in the overnight market. The dollar rose to DM 2.6425 from DM 2.6375 against the D-mark and SwFr 2.1920 from SwFr 2.1865 against the Swiss franc. It was also higher in terms of the French frant at FFr 8.1340 from FFr 8.1175 but eased against the yen to Y225.0 from Y225.40. On Bank of England figures, the dollar's trade-weighted index was 127.5 from 127.6 which did not fully reflect the dollar's firmer note.

STERLING — Trading range against the dollar in 1984 is 1.4940 to 1.3955. March average 1.4564. Trade weighted index 79.8 against 79.7 at noon and 79.8 in the morning and compared with 79.8 on Monday and 83.6 six months ago.

Sterling remained on the sidelines for much of the day, seemingly unaffected to any great extent by the miners' strike. It closed at $1.4200-$1.4210 against the dollar, a fall of 5 points from Monday. Against the D-mark it rose to DM 3.7550 from DM 3.7500 and was also higher against the Swiss franc at SwFr 3.1150 from SwFr 3.1100. It was higher in terms of the French franc at FFr 11.5525 from FFr 11.5350, but eased against the yen to Y320 from Y320.5.

D-MARK — Trading range against the dollar in 1984 is 2.8425 to 2.5535. March average 2.5967. Trade-weighted index 126.9 against 127.2 six months ago.

The dollar was slightly firmer against the D-mark at yesterday's Frankfurt fixing, in very quiet trading. The U.S. currency was almost at a standstill for much of the day, supported by high Eurodollar interest rates, but failing to find any strong demand at its present high level. The Bundesbank sold $8.3m when the dollar was fixed at DM 2.6357, compared with DM 2.6352. Sterling was slightly weaker, falling to DM 3.7480 from DM 3.7530, while the Swiss franc eased to DM 1.2054 from DM 1.2059. Within the EMS the French franc fell to DM 32.475 from DM 32.49, while the Irish punt was unchanged at DM 3.0630. The Dutch guilder rose to DM 88.62 per 100 guilders from DM 88.61; the Belgian franc to DM 4.8940 per 100 francs from DM 4.8910; and the Italian lira to DM 1.6170 per 1,000 lira from DM 1.6150.

FRENCH FRANC — Trading range against the dollar in 1984 is 8.6850 to 7.99. March average 8.0002. Trade-weighted index 66.8 against 67.5 six months ago.

The franc showed mixed changes at the Paris fixing, declining against the dollar and D-mark, but gaining ground in terms of sterling and the Swiss franc. The franc was slightly weaker against its EMS partners, with the D-mark rising to FFr 3.0798 from FFr 3.0792; the Belgian franc to FFr 15.0690 per 100 Belgian francs from FFr 15.5060; and the Dutch guilder to FFr 2.7286 from FFr 2.7280. The Italian lira was also firm, improving to FFr 4.9790 per 1,000 lira from FFr 4.9745. On the other hand the Danish krone eased to FFr 83.82 per 100 krone from FFr 83.85, and the Irish punt to FFr 9.4320 from FFr 9.4360. Outside the EMS the dollar rose to FFr 8.1175 from FFr 8.1140, while sterling fell to FFr 11.5405 from FFr 11.5610, and the Swiss franc to FFr 3.7115 from FFr 3.7129.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.5895	+1.56	+1.48	±1.5447
Danish Krone	8.14104	8.19619	+0.68	+0.60	±1.6425
German D-Mark	2.24184	2.23121	−0.47	−0.55	±1.0642
French Franc	6.87456	6.87050	−0.60	−0.14	±1.4052
Dutch Guilder	2.52595	2.51801	−0.31	−0.39	±1.4964
Irish Punt	0.72569	0.72798	+0.32	+0.24	±1.6699
Italian Lira	1403.49	1379.85	−1.68	−1.68	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York

	April 17	Prev. close
Spot	$1.4215-4220	$1.4205-4215
1 month	0.25-0.28 dis	0.24-0.26 dis
3 months	0.74-0.78 dis	0.76-0.78 dis
12 months	3.15-3.25 dis	3.25-3.30 dis

£ forward rates are quoted in U.S. cents discount.

THE DOLLAR SPOT AND FORWARD

April 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4200-1.4245	1.4200-1.4210	0.24-0.29c dis	−2.24	0.75-0.80dis	−2.18
Ireland†	1.1580-1.1635	1.1580-1.1587	0.18-0.14c pm	1.65	0.50-0.42 pm	1.58
Canada	1.2785-1.2795	1.2790-1.2794	0.05-0.02c pm	0.33	0.08-0.05 pm	0.19
Nethlnd	2.9730-2.9815	2.9805-2.9815	1.25-1.20c pm	4.94	3.55-3.50 pm	4.74
Belgium	53.84-53.92	53.90-53.92	2-4c dis	−0.67	5-8 dis	−0.48
Denmark	9.6750-9.7100	9.7050-9.7100	.10orepm-.40dis	−0.19	1.75-1.25 pm	0.62
W. Ger	2.6325-2.6440	2.6420-2.6430	1.22-1.17pf pm	5.44	3.44-3.39 pm	5.18
Portugal	133.90-134.20	134.00-134.20	70-215c dis	−12.75	250-650dis	−13.42
Spain	149.50-149.80	149.50-149.60	55-65c dis	−4.81	215-245 dis	−6.15
Italy	1630-1634	1633-1634	6.6-7.1lire dis	−5.04	20-20.75dis	−5.00
Norway	7.5785-7.5900	7.5850-7.5900	1.50-2.00oredis	−2.77	4.35-4.84dis	−2.42
France	8.1100-8.1375	8.1315-8.1365	1.10-1.30c dis	−1.77	4.40-4.90dis	−2.29
Sweden	7.8225-7.8450	7.8400-7.8450	par-½ore dis	−0.38	.25pm-.25 dis	—
Japan	224.40-225.20	224.95-225.05	0.94-0.90y pm	4.91	2.63-2.58 pm	4.64
Austria	18.5375-18.75	18.58-18.60	7.50-7.00gro pm	4.69	21.25-19.25pm	4.37
Switz	2.1840-1.1950	2.1915-2.1925	1.44-1.40c pm	7.79	3.97-3.93c pm	7.22

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 55.23-55.28.

THE POUND SPOT AND FORWARD

April 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4200-1.4245	1.4200-1.4210	0.24-0.29c dis	−2.24	0.75-0.80ds	−2.18
Canada	1.8160-1.8220	1.8170-1.8180	0.22-0.32c dis	−2.00	0.84-0.94ds	−1.96
Nethlnd	4.22-4.24½	4.23-4.24	1.25-0.75c pm	2.83	3¼-2¾ pm	2.71
Belgium	76.40-76.80	76.55-76.65	13-23c dis	−2.82	45-55 dis	−2.61
Denmark	13.74½-13.79½	13.78-13.79	2¼-3¼ore dis	−2.72	6¼-7¼dis	−1.94
Ireland	1.2210-1.2290	1.2250-1.2260	0.35-0.44p dis	−3.87	1.08-1.22ds	−3.75
W. Ger.	3.73½-3.76½	3.75-3.76	1¼-¼pf pm	3.20	3¼-2¾ pm	3.23
Portugal	190.00-190.50	190.25-190.75	125-350c dis	−14.96	450-1040ds	−15.64
Spain	212.25-213.25	212.40-212.60	75-130c dis	−5.79	410-1040ds	−13.85
Italy	2316-2323	2318½-2320½	12½-14½lire dis	−6.98	38½-40½dis	−6.81
Norway	10.76-10.80	10.77-10.78	4¼-5¼ore dis	−5.29	11⅞-12⅞dis	−4.57
France	11.52½-11.56½	11.54¾-11.55¾	3½-4½c dis	−3.89	12-14 dis	−4.50
Sweden	11.10½-11.15½	11.13-11.14	1⅞-2⅞ore dis	−2.28	5¼-5¾ dis	−1.98
Japan	318½-321	319½-320½	⅞-⅝y pm	2.81	2¼-1¾ pm	2.50
Austria	26.30-26.45	26.35-26.40	6⅞-4⅞gro pm	2.44	16½-12⅞pm	2.21
Switz	3.10-3.12½	3.11-3.12	1⅝-1⅝c pm	5.30	4¾-3¾ pm	5.14

Belgian rate is for convertible francs. Financial franc 78.45-78.50. Six-month forward dollar 1.52-1.57c dis. 12-month 3.20-3.30.

OTHER CURRENCIES

Apr. 17	£	$		£ Note Rates
Argentina Peso	49.84-49.93	35.08-35.11	Austria	26.85-26.55
Australia Dollar	1.5420-1.5440	1.0845-1.0855	Belgium	78.00-78.80
Brazil Cruzeiro	1,972.34-1,983.69	1,388-1,395	Denmark	13.73-13.77
Finland Markka	8.0045-8.0220	5.6350-5.6400	France	11.40-11.61
Greek Drachma	146.67-150.39	104.40-104.70	Germany	3.73-3.77
Hong Kong Dollar	11.0986-11.1185	7.8095-7.9015	Italy	2305-2335
Iran Rial	123.90*	87.10*	Japan	319-324
Kuwait Dinar (KD)	0.41545-0.41895	0.29430-0.29448	Netherlands	4.21-4.25
Luxembourg Fr.	76.55-76.65	53.90-53.92	Norway	10.73-10.84
Malaysia Dollar	3.2525-3.2575	2.2885-2.2900	Portugal	186-193
New Zealand Dlr.	2.1550-2.1570	1.5145-1.5165	Spain	208¼-216¼
Saudi Arab. Riyal	5.0060-5.0110	3.5206-3.5215	Sweden	11.08-11.19
Singapore Dollar	2.9610-2.9660	2.0835-2.0860	Switzerland	3.09½-3.12½
Sth African Rand	1.7667-1.7714	1.2470-1.2485	United States	1.41¼-1.43¼
U.A.E. Dirham	5.2215-5.2270	3.6720-3.6730	Yugoslavia	173-195

* Selling rates.

CURRENCY MOVEMENTS

Apr. 17	Bank of England Index	Morgan Guaranty Changes%
Sterling	79.8	−11.5
U.S. dollar	127.5	+15.6
Canadian dollar	88.8	−2.6
Austrian schilling	117.0	+4.5
Belgian franc	90.4	−11.0
Danish kroner	78.9	−5.8
Deutsche mark	126.9	+8.6
Swiss franc	147.7	+11.1
Guilder	115.8	+4.9
French franc	66.8	−14.9
Lira	48.8	−12.5
Yen	160.2	+15.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.742674	0.584522
U.S. $	9	1.05779	0.846718
Canadian $	10.78	*	1.08456
Austria Sch.	4½	Unav'lb'e	15.7066
Belgian Fr	11	57.0215	45.6275
Danish Kr	7	10.2394	8.19326
D'mark	4	2.78749	2.23152
Guilder	5	3.14640	2.51839
French Fr	9½	8.58291	6.87027
Lira	16	1725.52	1380.57
Yen	5	238.003	190.766
Norwgn Kr	8	8.02545	6.42151
Spanish Pta.	—	158.465	127.008
Swedish Kr.	8½	8.27615	6.62345
Swiss Fr	4	2.31212	1.85008
Greek Dr'ch	20½	110.703	88.6328

*C$/SDR rate for April 13: 1.35705.

EXCHANGE CROSS RATES

Apr. 17	Pound St'rling	U.S. Dollar	Deusche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.421	3.755	320.0	11.55	3.115	4.235	2320.	1.818	76.50
U.S. Dollar	0.704	1.	2.643	225.3	8.135	2.193	2.981	1633.	1.279	53.92
Deutschemark	0.266	0.378	1.	85.22	3.077	0.830	1.128	617.7	0.484	20.40
Japanese Yen 1,000	3.125	4.439	11.73	1000.	36.10	9.734	13.23	7248.	5.680	239.4
French Franc 10	0.866	1.230	3.250	277.0	10.	2.696	3.666	2008.	1.573	66.31
Swiss Franc	0.321	0.456	1.205	102.7	3.709	1.	1.360	744.6	0.583	24.59
Dutch Guilder	0.236	0.335	0.887	75.56	2.728	0.736	1.	547.7	0.429	18.09
Italian Lira 1,000	0.431	0.612	1.619	138.0	4.981	1.343	1.826	1000	0.784	33.02
Canadian Dollar	0.550	0.782	2.066	176.1	6.356	1.714	2.330	1276.	1.	42.15
Belgian Franc 100	1.305	1.854	4.902	417.8	15.08	4.067	5.529	3028.	2.373	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	8½-8⅝	10⅝-10⅝	10¼-10½	5⅝-5¾	1¾-1⅞	5⅜-5⅝	11⅜-12	14¾-15¾	11-11⅛	11⅛-11⅜	8¾-9⅞	15¼-14¾
7 days' notice	8½-8⅝	10½-10¾	10¼-10½	5 11/16-5 13/16	1⅞-2	5 7/16-5⅝	12⅛-12⅜	15-16	11-11⅛	11-11⅛	5¾-5⅞	12⅛-12
Month	8⅝-8¾	10⅝-10 13/16	10 3/16-10⅜	5⅞-6	3⅜-3½	5⅜-5 7/16	12¼-12½	16⅛-15⅝	11¼-11¾	11⅜-11⅝	5 13/16-6 1/16	11⅝-11⅛
Three months	8⅞-8 15/16	10 15/16-11 1/16	10 3/16-10¾	6-6⅛	3⅝-3¾	5⅝-5 11/16	13-13¼	15⅝-16⅛	11¼-11¾	11⅝-11⅝	6⅛-6¼	11-11½
Six months	9 1/16-9 3/16	11 1/16-11 3/16	10 15/16-11⅛	6⅛-6¼	3⅞-4	5 13/16-5⅞	14 1/16-14 3/16	16⅝-16⅞	11½-12	11½-11¾	6 3/16-6 5/16	11⅛-11⅝
One year	9⅝-9½	11 7/16-11 9/16	11½-11 11/16	6½-6⅝	4⅛-4¼	5¼-6 1/16	14⅞-15⅛	17¼-17¾	12-12½	11⅝-11⅞	6 1/16-6 3/16	11¾-11¼

Asian $ (closing rates in Singapore): Short-term 10⅝-10¾ per cent; seven days 10 11/16-10 13/16 per cent; one month 10⅝-10¾ per cent; three months 10⅞-11 per cent; six-months 11⅛-11¼ per cent; one year 11½-11⅝ per cent. Long-term Eurodollars two years 12⅜-12⅝ per cent; three years 12½-12¾ per cent; four years 12¾-12⅞ per cent; five years 12⅞-13⅛ per cent nominal closing rates. Short-term rates are call for U.S. banks and Japanese yen; two days' notice.

MONEY MARKETS

UK rates little changed

Interest rates were little changed in London yesterday in rather quiet trading. The possibility of a total strike by mineworkers was discounted to some extent and sterling's stability relieved interest rates of any upward pressure. Overnight interbank money opened at 8½-8⅝ per cent and traded down to 6 per cent before rising on an apparent shortfall in the Bank of England's assistance to 9 per cent. Three-month interbank money was quoted at 8⅞-8 15/16 per cent from 8 15/16-8 13/16 per cent while three-month eligible bank bills were bid at 8 15/32 per cent, unchanged from Monday.

UK clearing banks' base lending rate 8½-8¾ per cent (since March 15 and 16)

The Bank of England forecast a shortage of around £150m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £259m and a rise in the note circulation of £25m. These were partly offset by Exchequer transactions of £120m and banks' balances brought forward £30m above target.

The shortage was later revised to £250m and the Bank gave assistance in the morning of £63m. This comprised purchases of £5m of eligible bank bills in band 2 (15-33 days) at 8½ per cent and £51m in band 3 (34-63 days) at 8 7/16 per cent. In band 4 (64-91 days) it bought £3m of local authority bills and £4m of eligible bank bills all at 8⅜ per cent.

Further assistance was given in the afternoon of £121m comprising purchases of £40m of local authority bills and £30m of eligible bank bills in band 1 (up to 14 days) at 8 9/16 per cent and in band 2, £39m of eligible bank bills at 8½ per cent. In band 4 it bought £2m of local authority bills and £10m of eligible bills all at 8⅜ per cent.

In Paris the Bank of France announced its intention to provide money market liquidity over the next banking month. It will buy first category paper falling into four maturity categories between May 3 and July 15. Applications from commercial banks are to be made today with the results of the first tranche announced tomorrow. Funds will be credited on April 24.

In Tokyo the Bank of Japan sold Y700bn of 60-day Treasury bills to take out a surplus of liquidity. This follows a similar move last week involving sales of Y800bn of paper. Liquidity levels remain high however and short term money eased to 5.6875 per cent from 5.75 per cent.

MONEY RATES

Apr. 16	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.56	11¾	1-2	5⅝-5¾	5.6875	16⅞-17¼	12.0	12-12¼
One month	5.6-5.7	12 1/16-12 3/16	3 7/16-3 9/16	5¾-5⅞	6.15625	16⅞-17¼	11⅜-11 9/16	12½-12⅝
Two months	5.65-5.80	12⅛-12¼	—	—	—	—	—	12 11/16-12 13/16
Three months	5.70-5.85	12 3/16-12 5/16	3 7/16-3 11/16	6-6⅛	6.28125	17⅛-17½	11⅝-11 13/16	12¾-12⅞
Six months	5.80-5.95	12 5/16-12 7/16	—	6 1/16-6 3/16	—	—	11½-11¾	12⅞-13⅛
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Apr. 17 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	6-9	8½	7½-8¾	6-8½	—	—	—	—	—
2 days notice	—	—	8⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	8⅛-8⅜	8⅝	8⅝-8¾	8⅜-8½	—	—	—	—	—
One month	8 15/32-8 13/32	8⅝-8 7/16	8⅝	8¾	8⅛	8½	8 15/32	8½	8 15/32	9⅛
Two months	8¾-8 11/16	8 11/16-8 13/16	8 11/16	8⅞	8½-8 9/16	8 15/32	8 7/16	8 15/32	8 7/16	9 3/16
Three months	8⅞-8 15/16	8⅞-8 15/16	8¾-8⅞	9	8½-8⅝	8 13/32	8⅜	8 15/32	8⅜	9 9/32
Six months	9 1/16-9	9 1/16-9 3/16	9	—	—	—	—	8 17/32	8 15/32	9 9/32
Nine months	9 3/16-9⅛	9 3/16-9 5/16	9 3/16-9⅝	—	—	—	—	—	—	—
One year	9¼-9 3/16	9 5/16-9 7/16	9 5/16-9⅜	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅛-8⅞	—	8⅝	10.45-10.55	8½-9 1/16	9-9 1/16
Two months	9¼-9	—	8 11/16	10.6-10.7	9 1/16-9 3/16	9⅛-9 3/16
Three months	9¼-9	—	8 13/16	10.65-10.75	9¼-9⅜	9¼-9 7/16
Six months	9⅝-9⅛	—	9 1/16	10.9-11.0	9½-9⅞	9⅝-9 15/16
Nine months	9⅜-9⅜	—	9 5/16	11.05-11.25	—	—
One year	9½-9¼	—	9 7/16	11.55-11.55	9 11/16-10 1/16	10-10 1/16
Two years	—	10⅛	—	—	—	—
Three years	—	10⅜	—	—	—	—
Four years	—	10⅛	—	—	—	—
Five years	—	10⅝	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV. Average Rate of interest period March 7 to April 3 1984 (inclusive: 8.976 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9½ per cent from April 1, 1984. London and Scottish Clearing Bank Rates for lending 8½-8¾ per cent. London Deposit Rate for sums at seven days' notice 5¼-5½ per cent. Treasury Bills: Average tender rates of discount 8.3776 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 8¾ per cent; one-three months 8¾ per cent; three-six months 9 per cent; six-nine months 9¾ per cent; nine-12 months 9¼ per cent. Under £100,000 8½ per cent from April 11. Deposits held under Series 4-5 9½ per cent. The rate for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	12
Broker loan rate	11
Fed funds	10 7/16
Fed funds at intervention	—

Treasury Bills

One month	9.275
Two month	9.525
Three month	9.76
Six month	9.86
One year	9.94

Treasury Bonds

Two year	99 27/32
Three year	97 23/32
Four year	99 ⅝
Five year	99⅞
Seven year	99⅞
10 year	95 23/32
30 year	95 ¼

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. April 17)

3 months U.S. dollars	
bid 10 7/8	offer 11

6 months U.S. dollars	
bid 11 1/8	offer 11 1/4

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Little change

Prices were little changed on the London International Financial Futures Exchange yesterday. Eurodollars for June delivery opened firm at 88.96, reflecting better sentiment overnight in New York and Chicago following the coupon pass by the Federal Reserve, which had the effect of adding reserves to the banking system. The contract remained steady for most of the morning, touching a low of 88.95, but then rallied on the opening of Chicago trading. This followed a fall of 26.6 per cent to 1.64m units in U.S. March housing starts, although the sharp fall was largely the result of bad weather conditions, and was not considered to be an indication of a sudden reversal in the fast economic growth rate. As it became clear that this figure was unlikely to produce any change in Federal Reserve monetary policy the June price eased from a peak of 89.01 to close at 88.98, compared with the previous settlement of 88.93.

Buying interest was restricted by the continued high level of U.S. interest rates, with Federal funds remaining around 10¼ per cent in early New York trading.

Gilts also opened better, at 107-10 for June delivery, influenced by the firm closing to the U.S. bond market on Monday. This was the high point of the day however, and the price then began to drift, before finding some buying at around the previous closing level of 107-03. The March UK public sector borrowing requirement of £1.97bn was worse than expected and led to an attempt to sell the contract, but this was short lived and the June gilt closed little changed at 107-04.

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	65-27	65-29	65-24	65-20
Sept	65-10	65-11	65-06	65-03
Dec	64-28	64-28	64-25	64-21
March	64-15	64-15	64-13	64-09
June	64-04	64-04	64-00	63-30
Sept	63-26	63-26	63-26	63-21
Dec	—	—	—	63-13
March	—	—	—	63-06

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	90.04	90.05	90.01	89.98
Sept	89.63	89.64	89.60	89.57
Dec	89.28	89.29	89.25	89.22
March	88.98	88.98	—	88.92
June	—	88.74	88.74	88.67
Sept	—	88.48	88.48	88.44
Dec	88.27	88.27	—	88.24
March	—	88.11	88.11	88.07

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	89.11	89.16	89.10	89.07
Sept	—	88.64	88.60	88.57
Dec	—	88.19	88.19	88.13
March	—	87.82	87.80	87.76

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	88.68	88.72	88.67	88.64
Sept	88.20	88.22	88.18	88.15
Dec	87.78	87.79	87.77	87.72
March	—	87.42	87.40	87.36
June	87.07	87.07	87.05	87.01

STERLING (IMM) $e per £

	Latest	High	Low	Prev
June	1.4260	1.4285	1.4240	1.4250
Sept	—	1.4350	1.4320	1.4320
Dec	1.4400	1.4440	1.4400	1.4400
March	1.4480	1.4520	1.4480	1.4480

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	68-12	68-20	68-11	68-14
Sept	67-15	67-22	67-13	67-17
Dec	—	—	—	66-21
March	—	—	—	65-31
June	—	—	—	65-12
Sept	—	—	—	64-28
Dec	—	—	—	64-15

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	88.98	89.01	88.95	88.93
Sept	88.52	88.55	88.51	88.48
Dec	88.12	88.12	88.10	88.08
March	87.77	—	—	87.74
June	87.48	—	—	—

Volume 3,026 (3,444)
Previous day's open int 14,200 (13,731)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
June	91.03	91.03	90.99	90.99
Sept	90.71	90.71	90.70	90.66
Dec	90.45	90.46	90.45	90.43
March*	90.23	—	—	90.22
June*	90.01	—	—	90.00

Volume 289 (1,067)
Previous day's open int 8,570 (8,712)
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	107.04	107-10	107-01	107-03
Dec	105-28	—	—	105-27
Sept	106-16	106-15	106-15	106-15
March	105-08	—	—	105-07
June	104-22	—	—	104-21

Volume 1,588 (3,027)
Previous day's open int 5,093 (4,440)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 24 to 36 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.4264	1.4285	1.4263	1.4270
Sept	1.4339	—	—	1.4348
Dec	1.4421	—	—	1.4433

Volume 76 (245)
Previous day's open int 2,260 (2,227)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3817	0.3828	0.3815	0.3824
Sept	0.3865	—	—	0.3872

Volume 248 (21)
Previous day's open int 436 (441)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4609	0.4609	0.4609	0.4625
Sept	0.4689	—	—	0.4705

Volume / (182)
Previous day's open int 215 (159)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4478	0.4487	0.4477	0.4468
Sept	0.4528	—	—	0.4518

Volume 27 (36)
Previous day's open int 514 (501)

COMPANY NOTICES

INT. ISSUE DOME PETROLEUM $US 75.000.000 FRN DUE 1988

For the six months, April 9, 1984 to October 8, 1984, the notes will carry an interest rate of 11,5625% per annum. The interest due on October 9, 1984 against coupon number 6 will be $US 587,76 and has been computed on the actual number of days elapsed (183) divided by 360.

The principal paying agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
LUXEMBOURG BRANCH

GENERAL MOTORS ACCEPTANCE CORPORATION OF CANADA LIMITED AND GMAC OVERSEAS FINANCE CORPORATION N.V.

NOTICE IS HEREBY GIVEN to holders of notes issued by the above companies that the Annual Report and Accounts of such companies and of General Motors Acceptance Corporation have been published and lodged with Extel Statistical Services Limited. Copies of such reports may be obtained upon written request to GMAC (U.K.) Ltd., P.O. Box 11, Luton LU2 0SZ, Bedfordshire, England, Attention: Area Manager.

TELEFONAKTIEBOLAGET L M ERICSSON
(L M Ericsson Telephone Company)

The Annual General Meeting of the Company will be held at the Stockholm Fair Building, Maessvaegen 1, Aelvsjoe, Stockholm, at 2.00 p.m. on Thursday 3rd May, 1984.

The following items will be on the agenda for the Meeting:

1. To elect a chairman for the Meeting;
2. To approve the voting list;
3. To confirm that the Meeting has been properly called;
4. To elect two persons to check the minutes of the Meeting;
5. To present the Annual Report and the Auditors' Report;
6. To present the consolidated accounts and the Auditors' Report on the Group;
7. To approve the Profit and Loss Statement and the Balance Sheet;
8. To approve the consolidated Profit and Loss Statement and the consolidated Balance Sheet;
9. To discharge the Members of the Board and the Managing Director from liability;
10. To determine the appropriation of the profits, provided the Balance Sheet is approved;
11. To fix the date of payment of the dividend declared;
12. To determine the number of Members of the Board and Deputy Members;
13. To determine the remuneration payable to the Members of the Board and to the Auditors;
14. To elect Members of the Board and Deputy Members;
15. To elect Auditors and Deputy Auditors;
16. To decide on any other business which according to the Companies Act 1975 shall be dealt with at the Meeting.

Shareholders intending to participate in the Annual General Meeting must be entered as shareholders in the Share Register kept by Vaerdepapperscentralen VPC AB (Securities Register Centre) not later than 19th April, 1984.

Shareholders whose shares are registered in the name of an Agent must re-register the shares temporarily in their own names in order to participate in the Meeting.

In addition to the above-mentioned requirements, shareholders shall give notice of attendance to the headquarters of the Company at Telefonplan S-126 25 Stockholm, between 10.00 a.m. and 4.00 p.m. daily, not later than Monday 30th April, 1984 at 4.00 p.m.

Any person desiring to participate in and to vote as proxy on behalf of a shareholder at this Meeting, must produce a dated Power of Attorney before being allowed to do so.

The Board of Directors has proposed 8th May, 1984 as the record date for payment of dividends. Provided this proposal is approved, the dividend is expected to be paid by Vaerdepapperscentralen VPC AB on 15th May, 1984.

THE BOARD OF DIRECTORS
April, 1984.

CLUBS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 17.

U.S. DOLLAR STRAIGHTS

DEUTSCHE MARK STRAIGHTS

SWISS FRANC STRAIGHTS

YEN STRAIGHTS

OTHER STRAIGHTS

FLOATING RATE NOTES

CONVERTIBLE BONDS

CAPITAL MARKETS

Postipankki launches first zero coupon Ecu issue

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

POSTIPANKKI, the Finnish bank, yesterday launched the first zero coupon bond denominated in European currency units (Ecu s), the currency unit of the EEC.

It is raising Ecu 35m through a par-priced issue which will be reimbursed at 218 per cent on maturity in 1992. This gives an effective annual yield of 10.57 per cent. The bond is led by Banque Indosuez alongside Abu Dhabi Investment Company, Daiwa Europe, Kredietbank Luxembourgeoise and Postipankki.

Use of the zero coupon structure is designed to give the issue an appeal to investors, such as Scandinavian institutions, who do not normally buy Ecu bonds but like the tax advantage of capital gains as against current income. Initial response was generally more positive than with some other recent Ecu bonds and the paper was quoted within its total 1½ per cent selling concession.

This is despite the fact that the Ecu bond market is overloaded with new paper. Next week the spate of new issues will continue in the form of an Ecu 60m bond for Luxembourg's Société Nationale de Credit et d'Investissement. This will be Luxembourg's first international borrowing and it is designed to finance the restructuring of its ailing steel industry.

BHF Bank bond average		
April 17		Previous
98.734		98.743
High	1983-84	Low
100.009		98.056

Elsewhere, bond markets were generally quiet with secondary market prices of dollar issues little changed. The $30m issue with warrants for Japan Synthetic Rubber has been awarded a coupon of 7¾ per cent by lead managers Yamaiichi International. The warrant exercise price will be Y444 compared with yesterday's close of the shares in Tokyo of Y442.

In Germany, International Standard Electric Corporation is raising DM 100m through a 10-year, 7½ per cent issue priced at par by lead manager Deutsche Bank. South African Transport Services has launched a DM 50m, seven-year 8 per cent private placement at 99¼ through BHF-Bank.

The World Bank launched a SwFr 150m, eight-year public issue with an indicated yield of 5¾ per cent through UBS while its Y20bn, 10-year Euroyen issue has been given a 7 per cent coupon and issue price of 99¾.

Jordan seeks $200m

BY OUR EUROMARKETS CORRESPONDENT

JORDAN is expected to tap the Eurocredit market for a medium-term loan of about $200m later this year, bringing a rare opportunity for banks to subscribe to a loan by a Middle Eastern borrower.

Jordan has not borrowed in the syndicated loan market since early 1983, when it raised $225m through a group of banks led by Arab Bank Investment Corporation and Arab Bank Ltd. The seven-year loan bore an interest margin of ½ per cent over Eurodollar rates.

Its new operation remains to be mandated and the timing is still uncertain, but interest is expected to be lively.

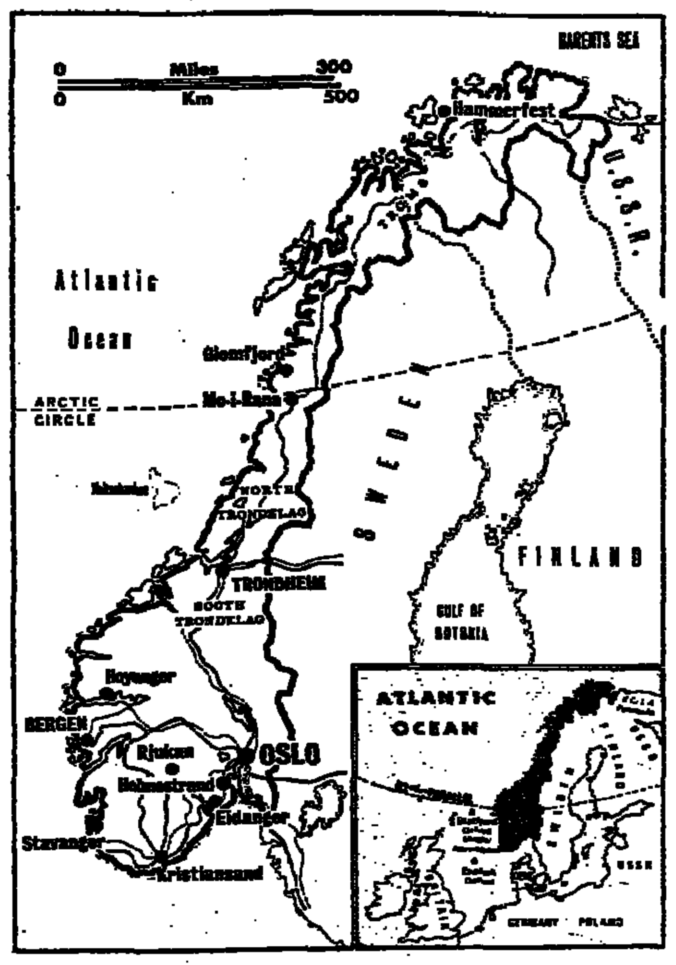
Arab banks, which subscribed about 60 per cent of last year's borrowing, are again likely to play a prominent role in the new operation, although it is expected to be syndicated internationally.

OVER-THE-COUNTER

Continued from Page 36

FINANCIAL TIMES SURVEY

Norway



How best to apply its North Sea oil and gas wealth has become the overriding question in Norway's political and economic thinking

ON OTHER PAGES

Quest for popular consensus

By Kevin Done
Nordic Correspondent

NORWAY, the fifth largest country by land area in Europe but with a population of only 4.1m, can look forward to several decades of prosperity thanks to its North Sea oil and gas wealth. It faces searching challenges, however, in managing this wealth while maintaining the competitiveness of its traditional industries, which have been losing foreign market shares steadily since the early 1970s.

The Conservative Party under Mr Kare Willoch tried to address these issues when it took over the reins of power as a minority Government after the election of September 1981. It was felt that inflation was running out of control and with a strong swing to the Right shown by the electorate it appeared that backing had been received for measures to tighten economic policy.

Such ambitions have been thrown off course over the last two-and-a-half years, however, as the minority Government ran into trouble in securing the necessary parliamentary support for its policies and as important elements of the economy developed less favourably than hoped.

Immediately after the last election the Conservatives failed to put together the expected majority non-Socialist coalition with the Centre and Christian Democratic parties but it took office on the basis of support from these two parties in the Storting, the Norwegian Parliament. Initially disagreements over the abortion issue prevented the Christian Democrats from entering the Government.

The need to gain support from the two smaller parties has lessened the Conservatives' room for manoeuvre and this need to seek compromise with the other non-Socialist parties has hardly been reduced since the three moved together to form a coalition in June last year.

Public dilemma

Ever since the election the Conservatives have been caught in the dilemma of how to rein in public spending, tighten monetary policies and bring inflation more under control, while at the same time not exacerbating the problem of rising unemployment.

Norway's unemployment rate—it hit a seasonal peak of 4.7 per cent in January—would be the envy of most other industrialised countries but domestically such a number out of work is a heavy political liability. Despite their ambitions the outcome of the two Government's economic policies since the end of 1981 has been a moderately expansionary fiscal stance.

The administration has gone some small way towards cutting taxes, including personal income tax, but measures aimed at stimulating the private sector, holding back public expenditure and improving the country's competitive position have not gone nearly as far as its supporters initially hoped. Instead, increasing funds are being poured into short-term measures to stop the rise in unemployment, with the emphasis on labour market relief programmes. At times it has become hard to distinguish the actions of the non-Socialist Government from its Labour Party predecessors and perhaps as a result the Conservatives in particular have performed badly both in local elections last autumn and in a string of opinion polls.

In last September's local elections the Conservative Party in particular suffered losses both to the Labour Party and to the Right-wing tax-protest movement, the Progress Party. Such a mid-term electoral test is hardly reliable evidence of what would happen in a general election but on the basis of last September's polls the non-Socialist coalition would be voted out of office.

The next general election is due in the autumn of 1985 and it is already clear that Labour Party strategists are keen to fight the compaign on the Government's economic record and its failure to do more to combat unemployment.

"The 1985 election will be about full employment," argues Mr Einar Förde, deputy chairman of the Labour Party and a former Minister of Education. "Before 1981 we did not have any unemployment, you could point to it as a fear of something that could come but it was a non-issue until it happened. It is very hard to get the Norwegian electorate used to unemployment. They demand full employment, that is what the 1985 election will be about. We are very interested to fight on this ground."

The Conservatives face the difficulty of convincing Norwegian voters that the problem of unemployment—if this is indeed public enemy number one—cannot simply be solved by throwing money at it. The problem is that the money is apparently available. The current account of the balance of payments is showing a record surplus helped by thriving oil and gas exports, and there is a surplus on the budget if oil taxes are included.

Poor understanding

"Crisis understanding has never been very strong in Norway," says Mr Erik Nessheim, state secretary in the office of the Prime Minister and a leading party administrator. "With the oil money available many people ask why it isn't possible to solve the problems more quickly."

After two years of stagnation in 1981 and 1982 the economy did begin an export-led recovery last year which appears to be gathering pace in the first half of 1984. There are signs of manufacturing industry investment picking up and inflation has been reduced significantly. "It seems the climate is changing," says Mr Nessheim, "there is growing optimism in business circles and we are starting to see some light at the end of the tunnel."

The challenge for the Conservatives is to present a convincing profile to the voters that distinguishes them from the Labour opposition and from the coalition partners. Senior members of the party consider that their junior colleagues in Government are all too susceptible to suggestions for spending their way out of trouble. "You can perhaps achieve better results in the short term," argues Mr Nessheim, "but it will be even worse in the years to come. It will fuel inflation and further reduce our competitiveness abroad."

Apparently in a bid to sharpen its profile for next year's election campaign the Conservative Party has recently appointed a new chairman, calling back into office Mr Erling Norvik. Mr Norvik was chairman of the party during the 1970s and took much of the credit along with Mr Kåre Willoch for the strong rise in the Conservatives' fortunes and their success in 1981 in gaining more than 30 per cent of the vote for the first time.

The Conservatives, maintains Mr Nessheim, have always said that the process of adjusting the economy would be gradual. Senior officials in the Finance Ministry add too that the administration's policy is one of many small steps rather than sweeping gestures like the neighbouring Swedish Social Democrats' dramatic 16 per cent devaluation in October 1982—incidentally another event which helped to throw the Conservatives off course in tightening economic policy.

"Everything is reacting more slowly," says one Finance Ministry official, "because our measures are not as sweeping. The problem is getting the consensus in the population that the position is difficult." Whether such small steps are convincing electorally remains to be seen next year.

With the oil revenues flowing in increasing amounts, it is hardly surprising that it is difficult to build "crisis consciousness," and it is oil which is still the central theme of Norwegian politics.

Today around 18.5 per cent of Norway's Gross National Product is derived from the oil and gas sector, compared with 0.2 per cent in 1972. The figure could increase to 25 per cent by the end of the decade. In 1972 oil and gas accounted for just 0.5 per cent of the country's exports; today the proportion is well over a third.

Highly significant

Its share of gross investment is also highly significant. In 1972 it accounted for 4.5 per cent of gross investment but this share has now risen to more than 20 per cent. The cost of just one oil platform—Statfjord B—is about the same as the total amount invested by the whole of the Norwegian manufacturing and mining industry in 1981.

"Discussion about oil is still the key to Norway," argues Mr Einar Forde, "how Norway should look for the coming generations. Oil is decisive for how Norway develops in so many ways. We are looking forward to oil production from the Continental Shelf for the next 100 years."

It is precisely in terms of dealing with the long-term implications of oil wealth that Norway has been least successful to date. "Regardless of the Government in power, no plan for a non-inflationary long-term investment of the huge income has been presented," Mr Leif Terje Loddesol, president of Den norske Creditbank, wrote recently. "In fact the money has to a large extent been used to cover internal needs. The similarity with other oil exploration countries is striking. What could have been done to avoid this situation? Maybe we should have thought of this possibility in 1965 and introduced legal regulations for the usage of oil income."

Whatever form an eventual oil fund should take, most politicians are clear that there is a need for basic consensus on oil policy among the parties. "We need a minimum national unity," says Mr Furde. In this mood the Labour Party has recently made overtures to the Government which could result in an agreed policy emerging on the main current issue of controversy in Norwegian oil politics, the role of Statoil, the state oil company.

Statoil's rapid growth and its power and influence in carrying out Norwegian oil policy prompt some to liken it unkindly to a cuckoo that has outgrown its small Norwegian nest. The coalition has been committed to a reform of the company, separating its tax-collecting administrative functions from its operational role, but it is still unclear how much further it wishes to go in reducing Statoil's role and making correspondingly more room for the Norwegian private sector or indeed the foreign oil industry.

The Norwegian political debate has certainly become more controversial and polarised—seldom has the country been so divided, for example, as it was in the autumn on the issue of the deployment of intermediate range nuclear missiles in Europe—but there is still a deeply held belief in the need to reach a consensus on matters of national importance. The future of Statoil is unlikely to prove an exception.

NORWAY II

Kevin Done reports a welcome rise in traditional exports alongside oil and gas

Economy enjoys moderate recovery

THE NORWEGIAN economy is enjoying a moderate, export-led recovery, having apparently passed the low point in the cyclical trough last summer. Prospects for growth this year are being revised upwards — Gross Domestic Product (GDP) could rise by 2-3 per cent in 1984 according to the latest forecasts—and last year's overall performance also proved to be far stronger than earlier thought.

Between 1971 and 1981 the growth in GDP averaged 4.3 per cent a year — buoyed in the latter part of the period by steeply rising production of oil and gas—and the country achieved a growth rate substantially higher than the OECD average of 3.1 per cent or the 2.6 per cent of the European OECD states. Again last year Norway outperformed the OECD average with a growth in *GDP of 3.3* per cent following the virtual stagnation of the two previous years.

The picture is distorted, however, by the strong surge in oil and gas production last year to 55m tonnes, an increase of 15 per cent thanks to the faster than expected rise in output from the giant Statfjord Field. Oil activities have assumed en overwhelming importance in the Norwegian economy—their share in GDP rose to 18.5 per cent last year from 17 per cent in 1982—and the oil sector now outshines contribution of manufacturing industry, which accounts for only 13.7 per cent.

In terms of employment the oil sector still plays a subordinate role, however, and to secure jobs it is vital that Norway manages to solve some of the more intractable problems facing its mainland industry.

Last year the fall in the GDP of industries producing for the domestic market was even greater than in the two previous years, the result mainly of a decline of more than 15 per cent in shipbuilding output. Overall manufacturing production fell by 1 per cent. It was in decline from the spring of 1981 and only began to show signs of picking up again last summer.

By the last quarter of 1983 *manufacturing production was* showing a rise of 2 per cent over the corresponding period of 1982 but the overall figures conceal big differences in the performance of various sectors of industry. Production in the export industries rose far more strongly than output in *the sheltered sectors or those* competing with imports.

The main impetus to growth in recent months has been the big rise in foreign demand for Norwegian raw materials and semi-manufactures—plus a rise in investment, particularly in the oil industry. Public consumption grew in 1983 too, despite earlier indications from the Conservative Government that it was seeking to tighten control of public spending.

Exports moved ahead rapidly during 1983 and towards the end of the year volume was 15-20 per cent higher than a year earlier. The upturn was confined almost exclusively, however, to raw materials and semi-finished goods and the export volume for finished products continued to decline during 1983.

Climbed sharply

The improvement in foreign demand for chemical raw materials began as early as 1982 but during 1983 the turnaround was also felt by producers of iron and steel, aluminium and in the wood processing sector. The exports volumes for fish and fish products has also climbed sharply.

The volume of imports fell back during the winter half of *1982-83*, influenced by cuts in manufacturing industry stocks and declining manufacturing investment. During the second half of 1983 they have started to pick up again, however, and by the end of 1983 imports were back around the 1982 level.

Manufacturing investment passed a peak in 1981 and has since gone into steep decline. Even the high level of 1980-81 was the result more of the completion of a few major investment projects rather than generally buoyant activity; the low investment figures for 1982 and 1983 were due to a general decline in manufacturing investment.

The investment picture has its bright spots, however, particularly in the oil sector. The volume of gross investment in oil and gas production and in pipeline systems jumped by 64 per cent between 1982 and 1983. According to the Central Statistical Bureau the strongest impetus to growth in manufacturing industry came from the building of the Gullfaks A and Statfjord C oil production platforms.

According *to* Mr Knut Getz Wold, Governor of the Bank of Norway (the central bank), the major problems facing the economy are unemployment, the decline in investment in traditional manufacturing industry and the deterioration in Norway's competitive position.

Unemployment reached a peak in January of 4.7 per cent with around 80,000 out of *work, some 12,400 more* than a year earlier. The unemployment level is still among the lowest in the industrialised world and what Norway considers to be problems would be the envy of many other countries.

The fact remains, however, that in a country that has become used to full employment, that enjoys the second highest level of wealth after Switzerland in the industrialised world and sees moreover the bountiful revenues pouring in from the offshore oil and gas production, the current levels of unemployment are politically unacceptable.

Many would argue that already too great a part of the oil revenues have been devoted to propping up sectors of industry that otherwise would be unviable. Subsidies in various forms to areas such as manufacturing industry, agriculture, fishing, food processing and transport have jumped to around 8 per cent of GDP.

Mr Harald Nordahl, an economist at Den norske Creditbank, claims that in around 60,000 industrial jobs, or a fifth of the industrial sector, wages alone account for more than 80 per cent of the value added. "It is a growing problem. We have a lot of very unprofitable industry. We have to restructure to activities that can yield enough to pay the wages. We have to restructure industry to follow international markets. We cannot continue to hold them up until they fall around us."

The unemployment consequences of such policies cannot be accepted in Norway, however. Already during the mid-1970s the Labour administration had decided to start spending the oil revenues before they had been earned in order to cushion the Norwegian economy from the recession. The current Conservative administration took over office in 1981 intent on following far less expansionary economic policies but it too has run into problems of juggling the demand for measures to combat rising unemployment against the need to contain rising domestic costs and lower subsidies to industry.

The national budget programme was characterised as "a moderate tightening" for 1983—with similar recipes for 1984—but in fact policy has proved to be moderately expansionary and the three party Centre Right coalition can expect to have to fight next year's election on its economic record and the success or failure of its policies to contain unemployment.

Mr Knut Getz Wold admits that unemployment is low by international standards but he insists that it "is a major problem in the Norwegian economy and in community life." One aspect for concern is that it is precisely the less labour-intensive sectors which are benefitting most from the economic recovery.

The central bank Governor maintains that the country is making progress in its fight to contain inflation and that there are "reasonable grounds" to expect that the Government's target of 6 per cent inflation this year will prove realistic. The consumer price index rose by 7.1 per cent in 1983 and the figure for January stood 6.4 per cent higher than a year earlier.

Much depends on the outcome of this year's wage round, where the Government has said that wage costs should not be allowed to rise above 5 per cent. Cuts in income tax have been announced to soften the blow of lower wage rises but it remains to be seen if this incentive will prove enough to guarantee peaceful wage settlements. Signs of labour unrest, particularly in the engineering *sector, are already evident.*

Mr Knut Getz Wold remains optimistic about Norway's economic prospects. Policy must be aimed at stronger growth, industrial conversion, higher investment in manufacturing and housing construction, increased employment and lower inflation, he argues. The prescription could be repeated for many countries but Norway has certain special advantages. "We have the means to achieve these aims," he says. "Very high rates of saving and investment; ample foreign exchange reserves and a large current account surplus of the balance of payments provide us with substantial freedom of manoeuvre."

BALANCE OF PAYMENTS
(Jan-Nov: NKrm)

	1982 Exports	1982 Imports	1983 Exports	1983 Imports
North Sea oil and gas	47,802	—	57,783	—
Ships and oil platforms	7,055	7,397	6,755	6,567
Other goods	48,647	83,997	55,444	85,825
Services	46,071	38,991	46,522	46,617
Interest and transfers	10,929	24,341	10,783	26,054
Total	160,504	155,726	177,287	164,063
Surplus	4,778		13,224	

FOREIGN TRADE
(NKrm)

	December 1982	December 1983	January-December 1982	January-December 1983	Change
Imports					
Goods	8,237	8,055	89,725	90,009	800
Ships	816	120	6,567	5,207	−1,360
Drilling & production platforms	54	86	3,455	3,275	— 180
Total	9,107	8,261	99,747	98,401	−1,346
Exports					
Goods	4,998	5,573	51,909	59,164	7,255
Crude oil and gas	5,670	6,020	53,472	63,803	10,331
Ships	434	757	6,081	5,857	— 224
Drilling & production platforms	29	472	1,774	2,393	619
Total	11,131	12,822	113,236	131,217	17,981
Export surplus	2,024	4,561	13,489	32,816	19,327

Controls on banking system eased

IMPORTANT CHANGES are under way in Norway's financial markets. Following last year's report by the Credit Policy Liaison Committee and recommendations by the central bank, the Government has this year taken a cautious step towards dismantling some of the direct controls which have assumed increasing importance in credit policy in recent years. As financial operators have become increasingly sophisticated, such controls have not only become less effective in regulating the volume of credit, but have also introduced serious distortions in the financial markets as credit has been diverted from traditional channels into the so-called "grey" market.

The central bank has been pressing for a more market-orientated credit policy and on January 1 last quantitative regulation of the banks' lending, reimposed last summer, was abolished. At the same time the bond investment obligation — which over the years has required banks and insurance companies to invest a large proportion of any increase in their assets in low-yielding public sector bonds—was reduced from 15 per cent to zero for the banks and from 40 per cent to 30 per cent for the life insurance companies. (However, the banks' primary reserve requirement was simultaneously raised from 4 per cent to 5 per cent and was lifted again last month to 7 per cent.)

Bond purchases

There has been further evidence of this more market-orientated approach to regulating credit in the bond market —effectively controlled by the monetary authorities—where the bond rate has been allowed to edge up to what a freely determined market rate would be. There has been an enthusiastic response from financial institutions — both banks and insurance companies have recently exceeded their compulsory bond purchases — and from private investors, who have returned to the bond market for the first time since the war.

As expected, the lifting of direct controls led to a surge of lending to the private sector by the banks in January, as loans were brought back into the banks from the unregulated market. However, the growth in bank lending in February was more in line with official targets. Assuming that these disturbances in the money supply work themselves through without causing political alarm, there is a chance that some of the remaining direct controls—such as the regulation of bank guarantees for market loans and of leasing and factoring loans—could also be lifted in due course.

A further important change on the Oslo scene will be the establishment of foreign banks, expected shortly. Following the majority vote in parliament in January in favour of the establishment of foreign banks, the Ministry of Finance has now completed its guidelines which were presented in a Bill published earlier this month. It is expected that initially only a small number of foreign banks will be permitted to establish full banking operations.

Seven foreign banks currently have representative offices in Oslo and some of these will obviously be contenders (although two of these seven are Swedish banks, and the interest expressed by a number of Swedish banks in opening in Norway has met with a cool reception in the Ministry of Finance in view of the fact that foreign banks are not permitted to set up in Sweden). The other banks currently represented are Bank of Nova Scotia, Banque Nationale de Paris, Chase Manhattan, Citibank and Manufacturers Hanover.

An important new development on this front was the recent announcement by Bank of America and Sparebanken Oslo Akershus, one of Norway's most aggressive savings banks, that they are talking about the possibility of setting up a new joint venture bank once the new legislation is in place. It was later suggested that Fellesbanken, the central banking organisation of Norway's savings banks, might also participate in the venture.

Further interest has been added by the declaration by Banque Indosuez that it will be seeking a concession for a new bank in Oslo, in partnership with Rogalandsbanken, a regional commercial bank.

Samuel Montagu and Co has also expressed interest in setting up some form of financial vehicle in Norway, preferably with a local partner. This UK merchant bank believes that there is a gap on the Oslo financial scene which could be filled by the kind of specialist financial advice it can offer.

Domestic institutions too are seeing the need for new financial services. To date the big commercial banks have offered an "umbrella" service but in a more sophisticated market there will be a role for specialist vehicles. Thus Oslobanken, which has just had its licence application approved, will be Oslo's first new bank for 52 years and plans to offer wholesale banking services to corporate customers and "red-carpet" retail facilities.

More diversity

The established banks are also trying new ideas. Thus Christiania Bank, for example, has set up Oslo Finans, with share participation by its senior brokers, to run its wholesale stock market business in a separate company and has now added in its money market broking activities and a new financial advisory service. The prospect is for an increasing diversity of financial institutions.

Norwegian banks have lived with competition from international banks for a long time, with Norway being actively marketed over the years by "suitcase" bankers, and they are generally confident that they will be able to meet the new challenge from locally established foreign banks. However, competition will undoubtedly increase, the key areas probably being currency trading, international payment transfers, liquidity control and financial advice. In the short-term the most serious impact may be the poaching of local staff and its effect on salary levels.

The leading Norwegian banks all turned in record profits last year. The fall in domestic money market rates improved interest margins and lower reserve requirements also boosted earnings, while the boom on the Oslo stock market lifted the banks' commission income.

Norwegian banks have emerged virtually unscathed from the international debt crisis and even though the recent record number of bankruptcies at home has inevitably taken its toll the banks' loan loss experience has not been serious.

The three leading banks — Den norske Creditbank, Christiania Bank and Bergen Bank —are all committed to expanding their international business, concentrating on areas where they have specialist skills, such as *shipping and oil*, a policy which befits banks which are still very small by international standards and one which has served them well to date. Some of the smaller savings banks and regional commercial banks are also beginning to eye the international markets.

New opportunities for international business should open up for both local and foreign banks in Norway as the whole economy becomes more outward-looking. The investment of Norway's oil revenues — which an official committee last year recommended should be channelled into a special fund, largely for investment overseas —and the declared policy of internationalising Norwegian business will work in this direction. Moreover, if the recommendations of another specialist committee set up to conduct a wide-ranging review of currency controls are implemented, a liberalisation of capital flows should also help to make Oslo more than just a parochial financial centre.

Carol Parker

COMMERCIAL BANK RESULTS

	Den norske Creditbank 1983	Den norske Creditbank 1982	Christiania Bank 1983	Christiania Bank 1982	Bergen Bank 1983	Bergen Bank 1982
Operating profit (NKr m)	648	430	522	321	410	254
Operating profit as % total assets	1.84	1.38	1.71	1.13	1.71	1.17
Net profit after loss provisions & taxes (NKr m)	339	213	302	123	108	81
Loan loss provisions (NKr m)	252	199	191	162	148	125
Losses written off (NKr m)	67	32	45	56	37	14
Losses writen off as % total loans	0.27	0.16	0.23	0.35	0.25	0.11
Total assets (NKr m)	39.7	34.9	32.4	27.6	25.5	22.5

The depth of disagreement over deployment of missiles came as a shock

Desire for unity on foreign policy

FOREIGN POLICY issues seldom divide Norwegian opinion but when they do the arguments arouse a rare depth of feeling and leave deep marks on the country's political development.

As happened in several other West European countries Nato's decision to stand by its twin-track strategy and begin the deployment of medium-range nuclear missiles late last year triggered fierce debate in Norway. With mass demonstrations in the streets of Oslo the Storting, the Norwegian Parliament, approved by the narrowest margin of one vote the Government's policy of backing deployment.

The depth of disagreement came as a shock to many and both sides appear anxious to rebuild a semblance of unity on foreign policy and security matters. "Norway has seldom allowed itself the luxury of a big split on security issues," says Mr Einar Förde, deputy chairman of the Labour Party and a former Minister of Education. "There are a lot of good reasons to build bridges but I think also that we must get used to more debate."

Both the Government and the opposition parties appear to be using the relative calm since deployment of the missiles began to paper over the cracks that opened up last autumn. A major debate is scheduled in the Storting before the summer on a Government White Paper on security and disarmament and for the moment both sides are in a conciliatory mood and seem more anxious to stress areas of agreement rather than disagreement.

A protester is arrested during the mass demonstrations in Oslo last autumn over the missile deployment issue

Awareness

Behind the wish for unity on foreign policy and security matters lies a keen awareness of the country's exposed geographical and strategic position in a region of growing interest to both the superpowers. Apart from Turkey Norway is the only Nato country with a common border with the Soviet Union. Its eastern frontier is 2,531 km long, bordering on Russia, Finland and Sweden. To the north and west the country faces the Barents Sea, the Norwegian Sea, the North Atlantic and the North Sea, waters of great significance to both military alliances given the dramatic build-up of Soviet naval resources on the Kola peninsula.

A major part of the Soviet nuclear ballistic missile submarine force is built and based in this area close to Norway's northern border and the Kola-fjord and Murmansk offer the only ice-free harbour facilities in the European part of the Soviet Union with free access to the open sea.

Norway resisted pressure from the Soviet Union at the end of the 1940s to sign a non-aggression pact but within the context of its Nato membership Norwegian security policies take clear account of the close presence of its eastern neighbour. Ever since joining Nato Norway has adhered to a policy of not allowing foreign military bases on its territory—unless attacked or threatened by attack—and that policy was later extended to rule out the deployment of nuclear warheads on Norwegian soil in peacetime.

Such moves aimed at holding down tension in the Nordic region complicate of course the problems faced by Nato in providing reinforcements to Norway in the event of any conflict. While not allowing foreign personnel to be permanently stationed in Norway, the country has therefore been forced to allow the pre-stocking of military equipment — particularly of heavy items—in the country for use by Nato troops.

Supervisions and maintenance of the equipment remains exclusively in Norwegian hands, however. Stocks are not allowed to include nuclear weapons and the sites have been chosen so that "they cannot reasonably be regarded as a threat to any of Norway's neighbouring countries."

The presence a few weeks ago of around 25,000 Nato and Norwegian troops in the country to carry out the biggest joint exercise held to date—Avalanche Express—underlined Nato concerns about its ability to reinforce Norway quickly. Here again, however, Norway places certain restrictions on Nato manoeuvres in the interests of not arousing alarm in the Soviet Union. Nato troops are kept well away—500 km—from the Soviet border. In addition, naval and airborne patrolling tasks in the far north are carried out exclusively by Norwegian personnel east of the line 24 degrees North, which takes in most of Finnmark, the most northerly region of Norway.

Membership of Nato is no longer an issue of great controversy in Norway. Opinion polls consistently show an overwhelming part of the population in favour of being part of the Western Alliance. That said, however, the deployment of Pershing II and cruise missiles in some other Nato countries showed that deep divisions over the direction of specific Nato policies can open up and be exploited politically.

Mr Hans Christian Erlandsen, political secretary to the Norwegian Foreign Minister, says: "Seldom have people been so in favour of Nato and a strong defence as in recent opinion polls but at the same time a majority of those that had made up their minds were against deployment of medium-range nuclear missiles."

For the Labour Party, Mr Einar Förde, a member of the parliamentary foreign affairs committee, says that the party's decision to go against deployment "finally became a good issue for us."

He insists that the about-turn in the Labour Party's policy on this issue—from supporting the twin-track decision when in power to opposing deployment while in opposition—was not a specifically Norwegian phenomenon. The Labour Party was simply in step with changes in Left-wing policies throughout northern Europe, changes reflected most clearly in the security policies adopted by the West German Social Democratic Party last year.

Success

Labour's success in mobilising Norwegian opinion on the missile issue opened the prospect of foreign and defence policies being given a prominent role by the party in next year's general election campaign, a move that would to some extent have broken new ground in Norwegian politics.

"We thought we could use this issue with some success in 1985," admits Mr Förde, "people are much better informed now and interested." The uncovering of a Soviet spy, Mr Arne Treholt, high in the Labour Party ranks, has upset such calculations, however, and is having a serious impact on the conduct of Norway's foreign policy debate.

"What is special to Norway is Treholt," says Mr Förde, earlier a close friend of the former Labour junior minister. "He was part of our own ranks and held high office. There is no reason to hide the fact that he has been a problem for the Labour Party, a constant headache. Intellectually it should not change the way the Labour Party takes its positions but we have seen in the party rank-and-file that it has reduced our possibility for playing the role of detente and contact with the Soviet Union. Our normal role has been made much more difficult."

The Government coalition led by the Conservatives has avoided publicly making party political capital out of the Treholt affair but inevitably it has become a volatile factor in the public debate. "It is not a party affair, but a police affair," says Mr Erik Nessheim, a State Secretary in the Prime Minister's office, and a leading Conservative Party administrator. "It is unfair to blame a party but it looks as if the voters see it differently. A trial next year could be uncomfortable for the Labour Party with former ministers on the witness stand."

Treholt was active in the Labour Party's Left wing and and it is inevitable that the revelations of his espionage activities for the Soviet Union will taint certain Labour Party policies which might appear to support a certain distancing of Norway from the U.S. and the Western Alliance in favour of closer working relations with Moscow.

The Norwegian Government's immediate response of expelling five Soviet diplomats and declaring persona non grata a further four Russian diplomats who had served earlier in Oslo, was probably the least response it could make. No changes to ministerial visits or other exchanges between the countries have been made but the Treholt affair has inevitably added considerable strains to relations between the two countries.

In terms of its relations with West Europe the development of North Sea oil and gas as well as the constant need to deepen foreign trade contacts inevitably means that Norway is drawn more and more into playing a wider role in Europe, despite the deep-rooted isolationist tendencies which manifested themselves so strongly in the vote a decade ago against joining the European Community.

The country enjoys the access membership of Nato offers for it to play a role in shaping European security policies and it is suspicious of organisations where its membership might be excluded. It is watching very carefully, therefore, attempts by some countries, particularly France, to breathe life into the old West European Union as a body to strengthen the European defence industry.

Kevin Done

NORWAY'S IMPORTS AND EXPORTS BY COMMODITY GROUPS

(NKr m)

	Imports January-December 1982	Imports January-December 1983	Exports January-December 1982	Exports January-December 1983	Export/import surplus January-December 1982	Export/import surplus January-December 1983
Foodstuffs	5,191	5,322	6,557	8,100	1,366	2,778
Beverages and tobacco	517	637	65	90	−452	−547
Raw materials	6,625	7,136	3,974	4,638	−2,651	−2,498
Fuels, lubricants, electric power, etc	13,149	10,262	58,903	69,293	45,754	58,031
Animal and vegetables fats	133	136	555	614	422	478
Chemicals	6,044	6,882	6,253	7,705	209	823
Semi-manufactures	18,184	17,801	17,053	20,332	−1,131	2,531
Machinery and transport equipment	36,673	36,171	16,826	17,440	−19,847	−18,731
Sundry manufactures	12,934	13,693	2,613	2,687	−10,321	−11,006
Miscellaneous	297	361	437	318	140	−43
Total	99,747	98,401	113,236	131,217	13,489	32,816

NORWAY'S FOREIGN TRADE BY COUNTRIES AND AREAS

(NKr m)

	Imports January-December 1982	Imports January-December 1983	Exports January-December 1982	Exports January-December 1983	Export/import surplus January-December 1982	Export/import surplus January-December 1983
Sweden	17,054	18,477	10,436	13,279	−6,619	−5,198
UK	11,822	10,265	41,291	44,996	29,469	34,731
West Germany	15,495	14,507	22,915	24,901	7,420	10.406
Rest of Europe	30,219	30,972	23,162	29,115	−7,057	−1,857
Africa	1,600	899	3,718	2,927	2,118	2,028
Asia	9,968	9,141	4,868	4,794	−5,100	−4,347
North America	11,390	11,717	5,732	10,045	−5,658	−1,672
South America	1,666	1,650	827	792	−839	−858
Oceania	533	773	288	356	−245	−417
Total	99,747	98,401	113,236	131,217	13,489	32,816

Trade surplus at highest level

NORWAY built up a surplus of NKr 4.4bn on its current account in 1983 according to provisional figures, the biggest surplus it has ever achieved. It was NKr 10.2bn higher than the surplus accumulated in 1982.

The size of the surplus is chiefly attributable to the export of North Sea oil and gas, which amounted to NKr 10.4bn, or 19.5 per cent, over 1982. In little more than 10 years oil and gas exports have grown from nothing to more than a third of all the country's exports.

By contrast traditional Norwegian exports have been losing market shares all through the 1970s and the beginning of the 1980s with a particularly big fall in the market share for forest products. The trend was reversed last year, however, when traditional merchandise exports rose by 14 per cent in value and 11 per cent in volume.

Norway enjoys large surpluses in its trade with its two main trading partners, the UK and West Germany, thanks to oil and gas exports. These two countries together with neighbouring Sweden account for a large part of the country's trade, taking 63 per cent of Norway's exports and providing 44 per cent of the country's imports.

A large deficit has arisen in Norway's travel account given the big jump in the amount of money Norwegians spend on foreign travel. The deficit last year was estimated at NKr 6bn, and Norwegians are expected to spend abroad two and a half times as much as foreign tourists spend in Norway this year. By contrast at the beginning of the 1970s Norway enjoyed a surplus on the travel account.

The Norwegian current account has been in surplus each year since 1980 and according to the central bank the surplus is now of a size that it begins "to weigh also in the international payments context.

K.D.

Carol Parker examines stock market trends

Foreign and domestic buying lifts share prices

A SURGE of interest from both foreign and domestic investors last year brought a sharp rise in the Oslo stock market, pushing share prices up to the levels prevailing during the boom ten years ago. Turnover more than quadrupled from NKr 1.7bn in 1982 to NKr 7bn in 1983. Companies in the cyclical industries were the first to emerge from the depression which had characterised the market in 1982 (when share prices fell by 15 per cent) in response to the general economic upturn, but the increase soon became broadly-based, with virtually all the companies on the market posting substantial share price rises during the year. Measured by the composite index, average share prices rose 90.5 per cent during the year, with industrial company shares leading the field (+122.1 per cent).

Towards the end of the year the rise in the market was curbed, partly because of a flood of new issues totalling NKr 3.6bn during the year, an increase of 16 per cent over the previous year, and the disappointing performance of some of these issues, floated at prices which could not be sustained in early trading.

However, prices have again taken off this year and all sectors have recorded new highs. By the end of March the composite index had risen a further 22 per cent. Shipping has taken over the running as the leading market sector, in response to signs of an improvement in the oil rig market and a growing appreciation among investors of the net asset value of certain shipping shares.

There has also been a lot of activity recently in bank shares, with the three leading commercial banks all declaring sharply higher profits for 1983. Moreover the possibility that the authorities may accede to the banks' wish to raise their quota of non-resident-held shares from the present 10 per cent to 20 per cent, and the announcement by Den norske Creditbank that it intends to seek a London listing hold out the prospect of increased foreign investor interest in Norwegian shares.

OSLO STOCK EXCHANGE INDICES

January 1 1983=100

	30.12.83	30.3.84	% increase during first three months 1984
Banks	141.49	157.56	+11.4
Insurance	151.62	193.96	+27.9
Industrials	222.06	262.79	+18.3
Oil	176.66	213.29	+20.7
Shipping	183.87	317.32	+72.6
All-share	190.53	233.05	+22.3

Increased foreign interest in the Norwegian market reflects in part a growing awareness that Norwegian shares are still relatively cheap by international standards. As Den norske Creditbank pointed out in a recent market report, the average price/earnings ratio in Norway is still only 7.5 while the comparable figure for Sweden is 15.

On the domestic front the market has benefited from recent government measures to stimulate private investor interest. In particular the new unit trust funds, authorised in 1982—which offer important tax concessions for investors—really took off last year. An estimated NKr 100m flowed into the funds in 1982 and this figure more than doubled to NKr 240m last year.

What of the outlook for the rest of 1984? Despite the substantial rise that has already occurred the general feeling seems to be that the boom could still have some way to go. Speaking at the end of March, a leading fund manager, Mr Per-Henri Graesberg, managing director of Norsk Sparinvest, an investment fund owned by the country's savings banks, predicted that the market could rise a further 15-20 per cent by the summer.

He postulated three critical time horizons: the first up to the time the big Norwegian companies declare their results for the first third of the year; the second up to the U.S. presidential election, whose outcome will have an impact on the U.S. market and hence on other stock markets; and the third up to the Norwegian general election in 1985. The prospect of a new Labour government, traditionally suspicious of the stock market, could quickly dispel the Oslo market's current euphoria.

NORWAY IV

OIL AND GAS: Richard Johns reviews long-term policy and plans for four major fields

Anxious search for best path for development

THE DIFFIDENCE about petroleum development which characterised Norwegian politics in the early 1970s is well and truly a thing of the past.

Differences of opinion as to the extent to and rate at which the state's hydrocarbon resources should be exploited and exhausted exist. But there is now not only consensus but also common concern that sufficient momentum in implementing projects should be maintained to ensure that a people with the second highest per capita income in Europe (albeit also one of the most heavily taxed) should be able to continue living in the manner to which they have become accustomed. There is a frank acceptance that petroleum's share of the economy will grow rather than diminish.

The weighing of various options, however, is complicated by the the fact that Norway is predominantly a gas rather than an oil province. Last year hydrocarbons output was split about 50:50 between the two, with oil output running at 614,000 barrels a day (b/d) and gas at 8.5bn cubic feet.

Together they amounted to 55m tons of oil equivalent (fob). Estimated reserves, though, are 40 per cent oil and *60 per cent gas with the greater* part of them in the deep, inhospitable and remote waters north of the 62nd parallel.

Exploitation of the reserves in the *Arctic* area and under the Barents Sea is necessarily a longer-term prospect. Meanwhile, the trouble with any gas development, especially in a time of surplus such as now, is the need to secure a binding commitment from a customer before implementation — a problem made all the more difficult by the relatively high cost of its projects and also its arguably high price expectations.

Hence the tension over the draft contract agreed in February between Statoil and the British Gas Corporation for the supply of some 1.15m cubic feet of gas daily from 1990 for a period 12 to 15 years. It is the obvious priority project if Norway is to maintain its position in the European market and to ensure sufficient *revenue in the coming decade* as output from Statfjord, Frigg and Ekofisk fields declines rapidly.

A number of projects are under implementation. British Petroleum's Ula Field will come on stream later this year and produce at a rate of 74,000 b/d. Esso's Odin is about to start feding gas into the Frigg system. In 1985 Mobil-Statoil's Statfjord "C" platform will obost that complex's output by 210,000 b/d.

Statoil's Heimdal is scheduled to deliver gas at a rate of nearly 300 cfpd, destined for the Continenent from the latter part of 1986 onwards. Ekofisk's waterflood injection scheme for Ekofisk will arrest the fields decline, recovering another 150-190m barrels. The first phase of Statoil's Gullfaks project will on stream in the summer of 1987 with a capacity 245,000 b/d *of oil and 120 mcfd of gas.* Oseberg is scheduled to start producing in 1989 to reach a plateau *of* 200,000 b/d the following year.

Sustain output

If the Sleipner project is delayed the alternative for parliamentary approval this summer and immediate development would be the second phase of Gullfaks. In practice, implementation of both would be needed to sustain output of 60m toe by the middle of next decade. The Government's objective of *80m toe depends on* the exploitation of other reserves.

Part of the gap could be filled by smaller structures. An example is the Balder field discovered by Exxon. But the company says that it is not commercial under the present tax régime.

Indeed the foreign companies are unanimous in their belief that tough fiscal terms can only hald back Norway's offshore de*velopment. The incentive for* them is reduced still further by the entitlement given to Statoil, under various agreements, to escalate its share of development from a basic 50 per cent up to 85 per cent.

The Government still refuses to contemplate copying the UK example by easing basic tax *terms although it is willing to* contemplate adjustments as it did with Ekofisk waterflood scheme. As for Statoil, the Government-owned corporation, *its response to the report of* the Royal Commission, which just over a year ago proposed to curb its growing dominance, is still awaited.

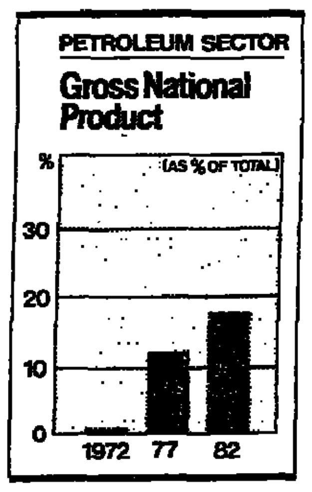
The essential issue at stake, however, is only whether increments in Statoil's stake in the sliding-scale system should revert to the state rather than the corporation, which is now responsible for 30-40 per cent of Norwegian production.

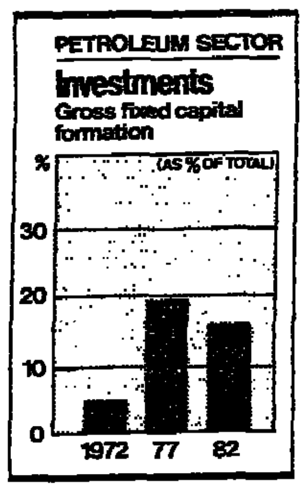
Sleipner apart, Norway is looking to Troll for the intermediate future. The Government insists that the price paid for the gas should not only reflect the cost of such a challenging projects but also give what Norway regards as a proper return to the state. Its plea to the West is to judge it, as a strategically safe source of supply, in a political light. The immediate threat, meanwhile, is that if Sleipner is deferred so will be Troll.

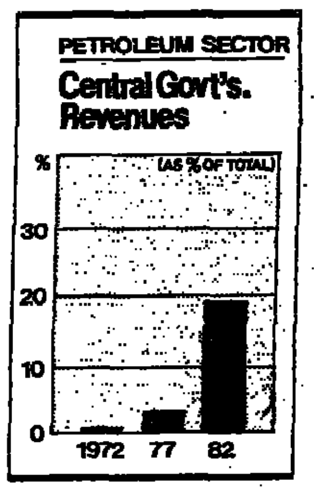
Prospects north of the 62nd parallel, in particular the Tromsoflaket and Haltenbanken areas are also problematical because of the costs of transportation. Both are to feature prominently in the ninth and tenth rounds of allocations. For the foreseeable future they are problematical, not least because of transportation costs.

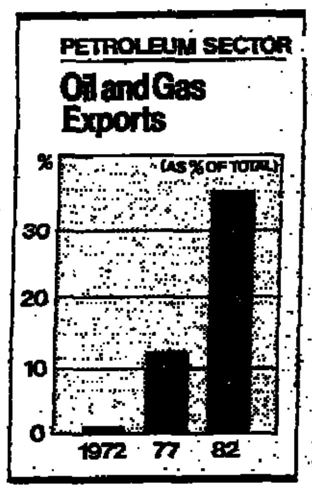
In the *Tromsoflaket* area Statoil made the potentially significant Askellad discovery in 1981. It reckons that it could be, in conjunction with other finds on *neighbouring* blocks, a commercial proposition and come on stream by the middle of the next decade.

More recently it has been impressed by a report by Norsk Hydro and Tenneco suggesting that liquefaction of the gas for the U.S. market, when the anticipated shortage occurs there, is the best scenario. All that can be said with certainty is that Norway is treading a hesitant, uncertain path in the execution of its hydrocarbons policy and is worried about the future.









Oseberg—oil for the 1990s

APPROVAL by the Storting this spring of the Oseberg project has been a foregone conclusion, *regardless of the of the Sleipner* deal. As a revenue-earner for the 1990s it became the prime candidate for the next petroleum project as soon as Norsk Hydro, *the* operator, declared it commercial last August—because it will be mainly an oil rather than gas producing field.

But development plans were only finalised in December with the resolution of the dispute between Norsk Hydro and Statoil—basically resolved in favour of the latter—over the siting of the terminal, which is to be at Mongstad rather than on the east coast of the island of Alvoy.

Oseberg is scheduled to come on stream in April 1989, with the cost of the project set at NKr 32bn, excluding pipelines, with oil production building up rapidly to 200,000 barrels a day by the end of the following year.

For the first 15 years of the field's life there will be no sales of gas, which will be reinjected into the field until oil output starts declining. Gas production at the end of the century is contemplated if the price justifies the cost of construction. Recoverable reserves are estimated at 1bn barmrels of oil and 70bn cu metres of gas from three separate structures.

Norsk Hydro has a 12.5 per cent interest in partnership with Statoil (50 per cent), Mobil Elf (13.3 per cent). Mobil (10 per cent), Saga (7.5 per cent) and Total (6.67 per cent). Norsk Hydro's projections show a rate of return of 11.5 per cent.

Transportation of the oil will be through the trunkline from Gullfaks to be built at an additional cost of NKr 4bn. Taking the connection to Mongstad, where Statoil has its refinery, will involve crossing the Hjeltefjorden and going overland, which will account for nearly a quarter of the total pipeline cost.

Gullfaks—on to second phase

IMPLEMENTATION of the second phase of Gullfaks, predominantly an oil-field lying just to the east of Statfjord, is Norway's second priority after the Sleipner gas project. Statoil's revised development plan, based on a reducing estimate of reserves following recent drilling and involving one platform rather than two, has been prepared for submission to the Storting. If the go-ahead is given before the parliament's summer recess the Gullfaks II project could be on stream by 1991 at a cost of NKr 20bn.

Work on Gullfaks I, embracing the western part of the field, is progressing meanwhile, with start-up scheduled for 1987 from the first platform. The other one, solely a drilling facility, will come into operation two years later but will not add to the level of output, which is set at 245,000 barrels of oil and about 100m cubic feet of gas per day.

Two loading buoys were included in the original Gullfaks I development. But the scheme drawn up for the Oseberg recommends a pipeline which is to transport oil from both fields to a terminal at Mongstad. Starting at Gullfaks and with a 520,000 b/d capacity for its first leg it will be able to cater for 800,000 b/d from Oseberg onwards, thus giving room for other oil production—in particular from Troll.

Gullfaks II involves exploitation of the eastern part of the field, which is separated from the western by a deep fault running between them. Despite the downgrading of reserves the project should yield about as much oil as the first phase and rather more gas. Instead of a platform the revised plan allows for seven subsea wells.

Gullfaks is the first development for which a Norwegian company, Statoil, took full responsibility as operator. With an 85 per cent stake in the venture it is partnered by Norsk Hydro (9 per cent) and Saga Petroleum (6 per cent).

Troll—giant of the vasty deep

THE WESTERN part of the giant Troll field, discovered four years ago, was finally declared commercial last November. But Mr Chris *Fay, the technical manager,* interviewed shortly after the announcement, emphasised that the judgement was essentially one of "technical feasibility."

That in itself was a big advance because the project is on the wilder frontiers of off-shore oil technology. At 340 metres the depth of the seabed is 150 metres greater than the present North Sea record set by British Petro*leum's Magnus Field (which* started producing last August). Sooner or later the assumption must be that the development will take place but the timing will depend on the gas price customers are willing to pay and the tax regime imposed on the project.

So far only the western part of Troll lying in block 31/2, where Shell is the operator, and has a 35 per cent interest, has been extensively explored and is reckoned to contain 463bn cubic metres of gas and 320m barrels of oil. But the structure extends into three other blocks—31/3, 31/5 and 31/6—and in its totality is reckoned to have recoverable reserves *of 1,580bn* cubic metres of gas.

That would make it bigger than the Netherlands' Groningen field and about eight times as large as Frigg, which since 1977 has provided the UK with about a quarter of its needs. Troll has the potential to supply all Britain's requirements for about 30 years.

Deviated wells

Development plans are as yet confined to western Troll. In partnership with Statoil (50 per cent), Conoco (5 per cent), Superior (5 per cent) and Norsk Hydro (5 per cent) Shell's present plan is for a single platform. It would have the capacity to process 1.9bn cubic feet of gas per day from 30 deviated wells. The average production rate projected is 1.5bn cfpd. Transportation could be through the Frigg pipeline to St Fergus or the Statpipe system connecting with the Continent—possibly both.

Some 70,000 barrels a day of oil would be produced from some 30 subsea wells grouped in nine templates and linked to the platform. The cost of *the project is put at $6bn (in* 1983 prices).

The Government wants co-ordinated development of the whole field to ensure the best possible outcome. So far, however, no wells have been drilled in the other three blocks where Statoil, with an 85 per cent interest, is partnered by Norsk Hydro (9 per cent) and Saga Petroleum (6 per cent). Statoil has the right to become operator in block 31/2 eight years after the declaration of commerciality and also to escalate its share of the development to 85 per cent.

Shell has said nothing about its price assumptions and indeed will not have a development plan ready until 1985. But Mr Henrik Ager-Hannsen, Statoil's senior vice-president, said in a recent interview: "Shell took a range of prices within a plausible domain. In the parameters it looks *interesting* and absolutely realistic from the point of view of both buyers and sellers."

Sleipner—set to supply Britain

FOR ONE point of view Sleipner can be seen as a natural successor to Frigg as a source of supply for the UK. Its gas reserves are of about the same size as those of Frigg when it started producing in 1975 and it could supply about a quarter of British requirements over a similar period. Reserves are estimated at 200bn cubic metres. In addition, Sleipner contains about 250m barrels of condensates.

It is a complex of structures covering five exploration blocks—15/5, 15/6, 15/8, 15/9 and 16/7—and encompasses four production licences. The gas in four of them has a high level of carbon dioxide, a fact that weighed in favour of British Gas in the sales negotiation. If the gas were destined for the Continental consortium headed by Rhurgas the impurity would have to be removed on the production platforms, adding to the cost of the project. But British Gas could absorb it unprocessed into a stream of other supplies. The carbon dioxide content is much lower in block 15/9's Gamma structure, which accounts for about a quarter of gas reserves.

Under the plan agreed by Statoil and British Gas three platforms would come into operation in 1990, 1992 and 1994. Production would begin in 1990 and reach a plateau of 1.15bn cubic feet per day in 1994. Output could continue at *that rate for a decade but would* start declining in 2005. The proposed 40 ins pipeline to St Fergus would have the capacity to take up to 800m cfpd from smaller *fields* in the UK sector of the North Sea.

After 18 months of negotiations Statoil eventually settled for a price of $4.10 to $4.15 per million BTU—less than the $5.28 (subsequently de-escalated) base price obtained from Continental buyers in 1982 for Statfjord gas. Statoil (50 per cent) is partnered by Norsk Hydro (10 per cent) and Esso (40 per cent) in 15/8, 15/9 abd 16.7. Esso has 100 per cent of 15/6 while Statoil (50 per cent) shares 15/5 with Norsk Hydro (17.3 per cent), Elf Aquitaine (21.8 per cent), Total (10.9 per cent).

Growth likely in offshore supply sector

A Federation of Industry survey estimated the value of Norwegian companies' offshore-related deliveries in 1982 at NKr 12,650m (in terms of value added) — of which NKr 2,365m was for export. Comparable figures for 1981 were NKr 9,762m and NKr 1,640m. It was based on information from 243 companies responsible in 1982 for about 90 per cent of earnings in Norway's *oil-related industry. It* noted that deliveries recorded that year corresponded to around a quarter of the value added in the rest of Norwegian manufacturing. *Figures for 1983* are not yet available.

The offshore contracts which get the biggest headlines and attract the most political attention are those for floating and fixed platforms. This is not because offshore fabrication is the most profitable sector of the offshore market — despite the high value of individual contracts. It so happened, however, that Norway's oil age got under way just as the shipbuilding recession began to bite here. Many yards — possibly too many — pinned their hopes to the new industry and began switching capacity to offshore fabrication.

In small coastal towns, where the local shipyard is the largest single employer, success or failure in capturing an offshore order can be crucial to the prosperity of a whole community. Now and then, this consideration has led Norwegian governments — including the present Conservative-led coalition — to lean on oil companies which wanted to place orders abroad because foreign bids were lower.

In theory, though, the companies are free to choose foreign suppliers if the latter are more competitive on price, quality or delivery dates.

At one stage in the late 1970s certain Norwegian fabricators were so keen to secure work that they accepted orders at break-even prices or even at a loss—"buying employment," was the way one company (Aker) described it. Partly because of this policy, the Aker group showed losses for several successive years. It has lost money too on the last two mobile rigs it has built—one de*livered in 1982 and* the other, the "Polycrown," being delivered this month, four months behind schedule.

Orders lost

This was not a strategy that could be pursued for very long. As more realistic tenders were submitted, an increasing number of orders were lost to foreign competitors. An example is the heavy duty, arctic class rig—"Rig 85"—being built in Japan for charter to Norsk Hydro. Its owners, a partnership between Norwegian shipowners Wilh. Wilhelmsen, and *Sonat of the U.S., sought* tenders from 16 yards, including three Norwegians — Trosvik, Framnaes and Aker. After some agonising, however, Japan's Hitachi *Zosen* yard got the contract.

According to Norsk Hydro the price differential was too great to justify placing the order in Norway. To sugar the pill Hitachi Zosen agreed to order Norwegian-made equipment for the rig worth about $28m of its $100m contract value. In addition it will, for a certain period, help market Norwegian equipment to its other customers.

Possibly more galling for Norwegian fabricators is the success achieved by rig-builders in neighbouring Sweden. Despite high Scandinavian wage levels and social security costs, Sweden's Gøtaverken yard has been booking a fairly steady *stream of contracts—many from* Norwegian rig-owning firms. Mobile drilling or accommodation rigs accounted for nearly 10 per cent of Swedish exports to Norway in *1982.*

Important fabrication orders that did not go to Norwegian companies have included those for the Anglo-Norwegian Statfjord field. This is being developed with three steel and concrete platforms, two of which are already in place and in production. The third, nearing completion in a west Norwegian fjord, will be towed out to the field in June.

The steel deck for the first platform (Statfjord A) was built by the Aker group and those for the other two by Aker's major Norwegian rival.

Norwegian shelf orders currently in the pipeline include one for the "jacket" (steel supporting frame) of a water injection platform which Phillips Petroleum plans to install on Ekofisk as part of a scheme to prolong the field's producing life. Two Norwegian yards are among the seven which have tendered and the contract award is due this month. BP requires three steel jackets for its small Ula field, in Norway's part of the North Sea. At the time of writing it was an open question whether two, or only one of these orders would go to Norway.

There is now a glut of supply vessels in the North Sea. Old platforms have been modernised and Norwegian sector demand for new platform decks, jackets and modules will not be large enough to keep all Norway's *fabricators busy, even if most of* the orders do go to Norwegian companies, and even assuming that the big Sleipner gas field development (requiring three *platforms) is not seriously* delayed by Whitehall's objections to the recent provisional deal between Statoil and BGC.

The volume of repair and maintenance work becoming available will rise as time passes. Nevertheless, some Norwegian fabricating capacity will almost certainly have to be closed down over the next few years.

Companies in other sectors of the offshore supply industry can, however, hope for continued growth—particularly through new product development and by aiming at foreign markets, where offshore activities are still expanding.

Recognising this, the Norwegian Oil Ministry recently launched a five-year research and development project aimed at encouraging Norwegian companies to specialise in a few areas of advanced offshore technology, for a world-wide market. The areas chosen initially, are *three: drilling* technology and well logging; the "industrialisation" of safety, and "process and production systems on platforms."

All three have been chosen because there is potential for considerably better products than those now available and because there is also a potential *international* market. According to the Oil Ministry, there are Norwegian companies interested in these fields and willing to become actively involved through the new scheme.

Ministry funds will be available—at least NKr 20m annually until 1988—to help finance the establishment of small R and D firms which, under the Ministry plans, will be set up to develop specific new products. A state-backed umbrella company, dubbed *"Spissprosjekter"* ("Spearhead projects").

Fay Gjester

More optimistic mood in shipping circles

NORWAY, one of the world's leading shipping nations, has seen its maritime sector suffer some hefty reverses in past years. A very large tanker tonnage is still laid up after the 1970s investment spree and shipbuilding has been badly hurt in the world crisis.

In the bulk cargo and scheduled liner sectors, in both of which Norwegian companies have large interests, times have been *hard in the last few years* too.

But a more optimistic tone can now be heard in Norway's shipping circles. The upturn in world economies and the jump in steel output are leading to increased demand for ships and thus to higher freight rates.

"We can now see part of Norwegian shipping moving into a profit situation," says Mr Atle Jebsen, who heads the Kristian Jebsens shipping group and was president of the *Norwegian* Shipowners' Association until last December.

Sailing will not be wholly smooth from now on. Only those companies which have had the courage and foresight to innovate will really do well in the tougher environment of the *1980s and 1990s*, reckons Mr J. Magne Haga, a general manager of Christiania Bank.

"The top companies are still quite liquid; I'm quite surprised that more companies haven't got into serious trouble." Mr Haga, who will become a deputy managing director of the bank in July and take over its international side, lays great stress on the need to do more than just transport cargoes.

"*We* are keeping our eyes open for new people with new ideas," he adds. To succeed in the present competitive climate, companies need to have an *overall concept, offering* customers complete systems of cargo handling and freight movement on either side of the shipping link in the transport chain.

Norwegian owners have increasingly spread their operations abroad during the recent lean years in shipping markets. Aided by a sympathetic government they have switched vessels to foreign flags and set up partnerships in other countries to *gain access to more cargoes and* keep down costs.

Along with this has gone the search for ways of cutting fuel and labour costs as freight rates have been too low to provide a proper return. Where possible crew numbers have been reduced and more fuel-efficient vessels put into service.

Shipping is the country's second most important source of foreign revenues after oil and gas. Some 30.5m dwt (779 ships) are operated under the Norwegian flag, a drop of 3.2m dwt, or 47 vessels, on the 1982 level.

Another 3.4m dwt sails under non-Norwegian flags, comprising 189 cargo and passenger ships and 48 offshore supply ships, a sector currently suffering from depressed rates because of oversupply of tonnage.

Partnerships

Jebsen, for example, has partnerships with groups in Egypt, France, New Zealand, Hong Kong and Jordan. Atle Jebsen says access to both cargoes and capital is what is sought under such arrangements.

Annual freight income from *shipping is* about NKr 30bn (£2.8bn), with little change over the past two years and a modest increase foreseen for 1984. The industry has also continued spending, last year to the tune of NKr 5.1bn (£470m) against NKr6.7bn in 1982.

The Jebsen group has invested up to $250m (£138m) in the last few years, most recently at Japanese yards as prices were low during the industry's crisis. Mr Haga said Christiania Bank had loaned *money on nine ships* being built in South Korea last year.

One ship recently delivered to Kristian Jebsens shows how keen Norwegian owners have been to control costs by moving in new directions. The 47,000 *dwt Lindnes, built in Japan,* has a crew of only 15—Norwegians under the Panamanian flag; with the Norwegian flag it would have been 19.

With *the latest* cargo-handling, hold cleaning, communication and navigation equipment, manpower needs are kept as low as possible. But companies like Jebsens may eventually find that Norwegian seafaring unions are no longer prepared to accommodate such trends.

Another new Norwegian ship, the Barber Tampa container and roll-on/roll-off vessel owned by Wilh Wilhelmsen, also has a small crew for its size, just 22 for a cargo capacity of 2,400 container units and 630 cars.

The ship cost nearly $70m from Korea's Hyundai yard and another, *the Barber Texas,* is due shortly. Both were ordered as part of the Barber Blue Sea consortium, in which Ocean Transport of the UK — it has bought the Barber Hector, also nearly complete — and Swedish shipping interests are partners.

The ships are *joining* the Barber fleet of ships which sail eastwards round the world, offering customers both conventional container and ro-ro cargo facilities. Import business into the U.S. has picked up recently but activity to the Middle East *and Asia remains* less buoyant.

Despite the weak market of 1983 Wilhemsen lifted operating profits to NKr 730m from NKr 630m, though it was offshore rather than conventional shipping activities which provided most of the earnings. Another major company, Sig Bergesen, reported a fall in operating profits to NKr 650m from NKr 730m. It has, however, been ordering new ships, including gas carriers.

Bankers note that the big Norwegian shipping companies have benefited from cautious financial strategies which have left them *highly liquid* and able to take advantage of new investment opportunities.

In the offshore supply shipping sector, however, where generous tax treatment for limited partnership companies has encouraged individuals to invest in new vessels, the picture *remains fairly gloomy. It* is not helped by annoyance in the UK Government and shipping industry over the high number of Norwegian ships in the British sector compared with the absence of British ships off Norway.

Andrew Fisher

INDUSTRIAL PRODUCTION
(1975=100)

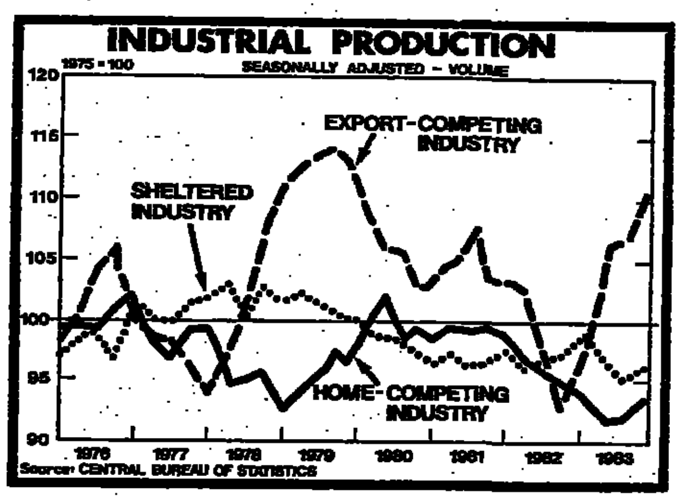
	Level 1983	1982/1983 (Per cent changes)	Nov-Jan 82-83/83-84 (Per cent changes)	Jan 83/84 (Per cent changes)	Type of industry
Total output	96	−1.1	2.2	1	
Food	107	0	1	−8	‡
Beverages	113	−8	−5	8	‡
Tobacco	105	3	2	4	‡
Textiles	80	−9	3	0	†
Clothing	59	−14	−11	−9	†
Leather and fur goods	64	−18	5	−3	†
Footwear	42	−21	−21	−15	†
Wood products	92	−1	−1	−9	†
Furniture and fittings	101	−1	0	2	†
Forest products	123	3	18	17	*
Graphics and publishing	85	1	1	1	‡
Raw chemicals	144	8	10	14	*
Chemical products	106	−5	−5	−11	†
Refined oil and coal products	66	2	6	2	*†
Rubber products	82	−1	16	27	†
Plastic goods	94	1	6	5	†
Building products	85	−3	−5	−10	†
Iron, steel, ferro alloys	70	8	28	27	*
Non-ferrous metals	103	11	21	23	*
Metal goods	98	−3	1	2	†
Machinery	127	2	7	6	†
Electrical	87	1	2	−1	†
Transportation	81	−15	−18	−20	†
Power supply	140	14	15	16	
Mining, including oil and gas	435	14	17	25	

* Export-orientated. † Home competing. ‡ Sheltered.

Key industrial sectors are reporting higher output

Revival in traditional export markets

AFTER SEVERAL years of decline output of most of the important sectors of Norwegian industry is increasing again. For export-orientated industry, particularly metals and chemicals, the revival started late in 1982 and has brought production up steeply since. For the rest of industry — about 80 per cent of the total—the improvement began only late last year and has been modest, mainly benefiting sheltered industries and some home market-orientated industries that compete with imports. Higher export and investment demand are the main reasons for the rise; private consumption has been growing only marginally.



The trend is illustrated by the accompanying graph, which shows how production indices have moved, since 1976, for the three main types of industry: AH export-orientated (accounting for just over 20 per cent of total output); BH home market-orientated (import-competing, accounting for about 60 per cent) and CH sheltered (just under 20 per cent).

The table shows where the output growth has been most marked for last year as a whole in comparison with 1982; for the three months ended January 31, 1984 compared with the corresponding period a year earlier; and for January this year compared with January 1983. It also reveals which industries have not benefited from the general upswing. The 15 per cent fall last year in production of "transportation" reflects the serious problems facing the shipbuilding industry. Many shipyards now have virtually empty order books and little prospect of filling them. The flow of offshore-related orders has not been large enough to offset the combined effects of the shipping crisis and keen prices competition from the Far East.

The poor output figures for clothing, textiles, shoes, leather goods and furs are the result of both increased competition from imports and stagnant consumer demand, while those for building materials and timber goods reflect a fall in housing starts, coupled with strong competition from Swedish products, particularly since the devaluation of the Swedish krona in 1982.

Leading groups

The industries which last year began enjoying an export-led revival—metals, chemicals, and to a lesser degree, forest products — are those which dominated the country's economy before the advent of offshore oil and gas. This explains why most of Norway's leading industrial groups reported higher turnover and profits last year than in 1982.

The favourable results—several cases followed by increased dividends — have boosted investor optimism and should make it easy for successful industrials to raise fresh equity for new investment.

Recent economic forecasts—by the Bank of Norway, among others—have revised upwards the estimates for both industrial production and gross industrial investment in 1984 compared with last year. The Bank of Norway now expects the former to rise by about 3 per cent, compared with an earlier estimate of only 1.5 per cent, while gross industrial investment will increase in volume by between 5 and 10 per cent this year compared with 1983.

New investment is badly needed, according to the Federation of Norwegian Industries. The poor profitability of many industrial concerns led to a marked fall in investment spending between 1981 and 1983. The decline in net industrial investment—that is, gross investment minus deterioration of existing assets—is even more worrying, the Federation points out. In 1980 net investment amounted to NKr 3.5bn and in 1981 to NKr 4.6bn. But the figure for 1983 was barely NKr 500m (all 1980 kroner). "Much more" than a 5 to 10 per cent increase in gross investments is needed, the Federation maintains, if Norwegian industry is to achieve the restructuring and renewal it needs.

What form should the restructuring take and where should the investment money be spent?

Modernisation

In Norway's traditional industries, based either on local raw materials (fish, timber), or the exploitation of cheap hydro power (metals, chemicals), investment in the near future is more likely to be devoted to modernising existing plant than to increasing output capacity. The world market is too uncertain to encourage the latter. An exception to this trend could be fish and shell fish farming—a new branch of the fish products industry which has recently been experiencing exceptional growth.

For older industrial groups keen to gain a foothold in new expanding industrial or service sectors, one solution is to establish offshoots in the new areas—sometimes in partnership with others.

Dyno Industrier, which makes plastics, chemicals and explosives, did this late last year when it acquired a two-thirds stake in an oil rig design company, renaming it Dyno Engineering. Borregaard, involved in forest products, chemicals, metals and foodstuffs, has partnered French engineering group Sofresid in a new firm, BSE, which will offer engineering services to industry, including the offshore sector.

Viking Askim, formerly known mainly as a maker of rubber products—tyres, footwear, etc.—last year sold its tyre production interests to Gislaved of Sweden, while at the same time establishing a new wholly-owned subsidiary, Viking Data, which will sell EDP services. Another industrial group, Norgas, recently hived off its in-house EDP division to form a joint venture—NP Data—with Swedish interests.

Norcem, big in cement and building materials, is moving increasingly into offshore-related activities and international cement trading so as to reduce its dependence on the domestic construction market. This enabled it—despite last year's slump in housing starts—to achieve more than doubled pre-tax profits in 1983. Plans for a proposed merger with Borregaard had to be dropped after strong opposition from certain Borregaard shareholder groups.

Although the Borregaard/Norcem merger failed, there have been plenty of others in Norwegian industry during the past year or so. Kosmos, a shipping group with offshore and industrial interests, last autumn acquired Saugbrugsforeningen, a forest products company. Borregaard and the food and beverage group, Nora Industrier, have just announced plans for a jointly owned foodstuffs subsidiary.

Scanvest EDB, a computer specialist, merged last year with Gustav A. Ring, producers of intercom systems and telecommunications equipment, to form Scanvest-Ring; the latter has since been buying up companies in the same field, including a Swedish office equipment group and the Danish subsidiary of Datapoint of the U.S. Norsk Data, the successful mini-computer firm, increased its holding in a German company, Dietz Computer Systeme, and bought a Swedish company, Silvidata, which provides EDP services for Sweden's forest industry.

Expansion into growth sectors and mergers to streamline operations and cut costs are tactics some of Norway's larger and better-known industrial groups have been pursuing. The country has other lesser-known industrial firms that have been highly successful in their separate fields. Trallfa, a west Norwegian company which originally made wheelbarrows, now exports sophisticated industrial robots all over the world—even to Japan.

Oversubscribed

Kverneland, which makes agricultural implements, exports 80 per cent of its output and has such a good profit record that a recent share issue, at 800 per cent of par, was massively oversubscribed. Tomra Systems, making devices for handling used beverage tins, crates and bottles, has cashed in on the growing U.S. market for such equipment, following anti-litter legislation, and is setting up a subsidiary there.

The parent company recently beat Swedish and U.S. competition to win an order for 1,500 automats on the Swedish market. Formerly owned mainly by its founders and employees, it is now going public to finance continued growth.

A common view of Norwegian industry is that it is handicapped by high labour costs and dominated by a few large groups whose products—being mainly raw materials or semi-manufactures for export—are unduly vulnerable to world economic fluctuations. Average labour costs are high in Norway but because pay differentials are narrower than in other industrialised countries, the salaries of technical staff—engineers, computer scientists—are relatively low. This is an advantage in the era of high tech. As for the big companies making input goods for stagnant or shrinking markets, a great many of them have seen the danger signals and are busy diversifying into other areas.

Fay Gjester

PROFILE:
NORSK DATA

Rapid rise to world fame

NORSK DATA, the Oslo-based mini-computer manufacturer, was founded less than two decades ago. Today its name is almost as well known outside Norway as those of much larger Norwegian concerns, such as Borregard and Norsk Hydro, that have been around far longer.

The group, which describes itself as "an international company headquartered in Norway," designs, develops, manufactures, sells and services a compatible line of mini-computers — with software — ranging in price from around £9,100 to £275,000. Sales and customer service are offered through subsidiaries in 10 countries, operating out of some 50 centres. Shares are listed in the Oslo, London and Stockholm stock exchanges, as well as on the U.S. over-the-counter market.

Norsk Data's first international breakthrough came in 1973, when it won a major contract to supply EDP equipment for Cern, the European organisation for nuclear research, in Geneva. It has since installed systems in most of the major European nuclear research complexes, including the Joint European Torus project (JET) in the UK.

While it expects to continue its traditional engagement in technical and scientific computing, the company currently sees office automation as its most promising growth area. Last year it installed over 2,500 work stations in Norway—and 11,000 worldwide.

Main application fields for the systems it supplies are administrative data processing in industry and commerce, public administration and educational institutions. One of its divisions, ND-Comtel, specialises in total solutions for the newspaper and graphics industry.

Some 70 per cent of Norsk Data's research and development budget is now being spent on software development. An important product is integrated information systems for different types of users in an organisation: those with no previous EDP knowledge or experience; those with some knowledge and those who work with the EDP system and have considerable knowledge of it. The company calls this system ND-Orbis—Organisational Related Business Information Systems. It contains all software systems, grouped and presented as menus to facilitate use by all personnel, regardless of how familiar they may be EDP.

New machines

On the hardware side two new machines were put on the market last year, the 32-bit ND-570/CXA and the 16-bit ND-100 Compact. Norsk Data claims that the larger machine—a super minicomputer—gives "a 100 per cent increase in performance at only 50 per cent increase in price" and forecasts that many users will find it "an attractive alternative to a mainframe."

Its processor, while not matching the speed of the fastest mainframes, is "far faster than the best minicomputers on the market." At the other end of the product range, the ND-100 Compact is designed for installation in ordinary office environments. It runs quietly and makes no special demands concerning temperature or power supply.

A characteristic of the company has been its rapid growth, both domestically and in export markets. Between 1979 and 1983 pre-tax profits climbed by an annual average of 73 per cent, operating income by 42 per cent and earnings per share by 53 per cent. Turnover rose last year by NKr 259m to NKr 870m.

The rise partly reflected the acquisition of controlling stakes in two foreign firms—Silvidata, Sweden, and Dietze Computer Systeme, West Germany. The former specialises in accounting and bookkeeping services for Sweden's forestry industry while the latter produces and markets systems directed towards the engineering sector. It has been acquired mainly as a means of marketing ND hardware and software on the important West German market.

Britain is a market where Norsk Data has already been highly successful and where it expects to continue expanding strongly. Last year's growth was 100 per cent, from a small base, to £3.9m.

To house its UK headquarters and the base for its mainland Europe marketing organisation it is currently renovating Benham House, an 18th century stately home near Newbury, Berks. The old building will be used for management offices, conference rooms and canteen, while a 50,000 sq ft new wing, on the site of the old stables, will accommodate systems integration and development.

F. G.